

AGENDA

UTAH COUNTIES INDEMNITY POOL BOARD OF TRUSTEES MEETING

Thursday, April 21, 2016, 12:30 p.m.

UAC/UCIP Building, 5397 S Vine, Murray, Utah

12:30	Open Meeting, Pledge of Allegiance	Bruce Adams
ITEM	ACTION	
1	Review/Excuse Board Members Absent	Bruce Adams
2	Review/Approve February 25, 2016 Meeting Minutes	Karla Johnson
3	Review/Approve 2015 Actuarial Analysis	Johnnie Miller
4	Review/Approve 2015 Financial Audit	Karla Johnson
5	Review/Approve 2015 Member Equity Calculations	Johnnie Miller
6	Ratification/Approval of Payments and Credit Card Transactions	Karla Johnson
7	Review/Approve First Quarter 2016 Financial Statements	Sonya White
8	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Bruce Adams
9	Action on Personnel Matters	Brad Dee
10	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Bruce Adams
11	Action on Litigation Matters	Dale Eyre
12	Education Committee Action Plan	William Cox
INFORMATION		
13	Monthly Educational Training	Johnnie Miller
14	Chief Executive Officer's Report	Johnnie Miller
15	Planning for Strategic Planning	Bruce Adams
16	Other Business	Bruce Adams

Electronic Meeting Notice: 888-447-7153, Participant Passcode: 2261240 Anchor Location: 5397 S Vine, Murray, UT

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Notice Title: Board of Trustees Meeting
Government Type: Special Districts
Entity: Utah Counties Indemnity Pool
Body Name: Board of Trustees
Notice Subject: Administrative Services
Notice Type: Meeting
Street Address: 5397 S Vine
Street Address continued:
City: Murray
Zip: 84107
Start Date: 04/21/16 12:30 PM
End Date: 04/21/16 3:00 PM
Description / Agenda: Open Meeting, Pledge of Allegiance
Review/Excuse Board Members Absent
Review/Approve February 25, 2016 Meeting Minutes
Review/Approve 2015 Actuarial Analysis
Review/Approve 2015 Financial Audit
Review/Approve 2015 Member Equity Calculations
Ratification/Approval of Payments and Credit Card Transactions
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Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual
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Action on Litigation Matters
Education Committee Action Plan
Monthly Educational Training
Chief Executive Officer's Report
Planning for Strategic Planning
Other Business
ADA: In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Indemnity Pool, 5397 S Vine, Murray, UT 84107, or call 800-339-4070, at least three days prior to the meeting.

Electronic Participation: Any Member of the Utah Counties Indemnity Pool Board of Trustees may participate telephonically.

Other:

Emergency Notice: No

Send copy of notice to: legal@mediaone.com

Audio File Location:

Attachments: There are attachments associated with this notice.

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**BOARD OF TRUSTEES' MEETING
MINUTES**

April 21, 2016, 12:30 p.m.

UAC/UCIP Offices
5397 S Vine, Murray, Utah

BOARD MEMBERS PRESENT

Bruce Adams, *President*, San Juan County Commissioner
Bret Millburn, *Vice President*, Davis County Commissioner
Karla Johnson, *Secretary/Treasurer*, Kane County Clerk/Auditor
Alma Adams, Iron County Commissioner
William Cox, Rich County Commissioner
Robert Dekker, Millard County Sheriff
Dale Eyre, Sevier County Attorney
James Kaiserman, Wasatch County Surveyor
Mark Whitney, Beaver County Commissioner
Mike Wilkins, Uintah County Clerk/Auditor

BOARD MEMBERS ABSENT

Brad Dee, Weber County Human Resources Director
Kerry Gibson, Weber County Commissioner
Victor Iverson, Washington County Commissioner

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Chief Financial Officer
Parker Boice, UCIP Assistant to the Chief Financial Officer

Call to Order

Bruce Adams called this meeting, of the Utah Counties Indemnity Pool's Board of Trustees, to order at 12:30 p.m. on April 21, 2016, and welcomed those in attendance.

Review/Excuse Board Members Absent

Bret Millburn made a motion to excuse Brad Dee, Kerry Gibson and Victor Iverson from this meeting. Robert Dekker seconded the motion, which passed unanimously.

Review/Approve February 25, 2016 Meeting Minutes

The minutes of the Board of Trustees meeting held February 25, 2016 were previously sent to the Board Members for review (see attachment number one). Bret Millburn made a motion to approve the February 25, 2016 Board of Trustees meeting minutes as written. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve 2015 Actuarial Analysis

Johnnie Miller provided the Board with the actuarial reserve analysis as of 12/31/2015 (see attachment number two). Johnnie explained that the actuary, By The Numbers Actuarial Consulting, uses four procedures to estimate ultimate incurred loss for the Pool. GASB requires reserves to be reported at the *Expected* level, which is \$8,090,000. Mark Whitney made a motion to approve the 2015 Actuarial Analysis and report the Expected required reserves of \$8,090,000 on UCIP's Balance Sheet. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve 2015 Financial Audit

On behalf of Karla Johnson, Mike Wilkins reported that the Audit Committee met today with auditor Nick Suvorov of WSRP, to review the draft 2015 financial audit (see attachment number three). Mike reviewed the portion of the annual report wherein management explains how the Pool performed the past year compared to the prior year. The Pool's change in net position is \$826,325. GASB 63 and GASB 68 have been implemented into the audited financial statements as relates to Pensions. Karla Johnson made a motion to approve the 2015 financial audit. Mike Wilkins seconded the motion, which passed unanimously. Mike reported two findings by the auditors in which management responded (see attachment number four). Bret Millburn made a motion to approve management's responses to the WSRP's findings. Karla Johnson seconded the motion, which passed unanimously.

Review/Approve 2015 Member Equity Calculations

Johnnie Miller reported that with the completion of the 2015 financial audit, the Pool's actuaries have calculated the member counties' net equity to the 2016 contribution (see attachment number five). Three members are in a negative equity position because they joined the Pool later than most members. Ideally, each member would have equity equal to one year's contribution. Auditors at WSRP opined that members are not required to report UCIP equity on their financial statements. Bret Millburn made a motion to approve the Member Equity Calculation as presented. James Kaiserman seconded the motion, which passed unanimously. Equity letters will be provided to the members. Based on the contribution to estimated ultimate loss, UCIP's actuaries calculated each member county's loss ratio (see attachment number six).

Ratification and Approval of Payments and Credit Card Transactions

Karla Johnson reported that she has reviewed the payments made, the payments to be made and the credit card transactions of the Pool as of February 26, 2016 through April 21, 2016 (see attachment number seven). Karla Johnson made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve First Quarter 2016 Financial Statements

Sonya White provided the Board with the first quarter in-house prepared, unaudited account balances arising from cash transactions and from accrual transactions of the Pool as of March 31, 2016 to the basic financial statements (see attachment number eight). Total net position increased \$248,163 from year ended 2015 and \$588,149 from the first quarter 2015. With the year 25% complete, revenues are at 25% of budgeted and expenses are at 22% of budgeted. William Cox made a motion to approve the first quarter 2016 financial statements as prepared and presented. Mike Wilkins seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Bret Millburn made a motion to strike agenda item: *Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. William Cox seconded the motion, which passed unanimously.

Action on Personnel Matters

Bret Millburn made a motion to strike agenda item: *Action on Personnel Matters*. William Cox seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Dale Eyre made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Bret Millburn seconded the motion, which passed unanimously.

Action on Litigation Matters

Dale Eyre made a motion to strike agenda item: *Action on Litigation Matters*. Bret Millburn seconded the motion, which passed unanimously.

Education Committee Action Plan

William Cox reported that the Education Committee met on April 12 to outline a strategy to educate potential new members, returning members and current members of the benefits of UCIP membership. William reviewed the status of the Committees action plan (see attachment number nine). The following reports were given on assignments that were made from the last meeting: 1) Mike Wilkins reported that the Board of the TriCounty Health Department did not know that the Director provided notice of termination; 2) William Cox and Mark Whitney were unable to meet with any of the commissioners from Emery County at the Management Conference so they will schedule time on their commission agenda; and 3) Johnnie Miller has not yet scheduled a meeting with the Wasatch County Manager. The next meeting of the Committee will be a telephonic conference on May 9 at 2:00 pm to prepare strategies for Board Members to discuss at their June Strategic Planning session.

Monthly Educational Training

Johnnie Miller provided the Board with information regarding Board Member online training provided by the Utah State Auditor's Office. Board members may have received an email regarding training, as a Board Member, that is statutorily required. In conversing with the State Auditor's Office, Board Members of Interlocal agencies received the email in error. The training is only required of Board Members of Special Service Districts. Johnnie has reviewed the training provided by the State Auditor and feels that the information is still beneficial for the UCIP Board and will be part of the training at the June Strategic Planning Session.

Chief Executive Officer's Report

Johnnie Miller reported that he has been working with the Insurance Department in regards to the Certificate of Coverage being issued by UCIP. As of May 1, UCIP will no longer issue a form that resembles a standard insurance form and will issue, instead, a letter certifying membership in a joint reserve fund.

Johnnie reported that the three training tracks UCIP coordinated for the Management Conference was a huge success. Utah Association of Counties' staff was so pleased they want to look at changing the structure of the Fall Convention.

Johnnie explained that the Utah Association of Counties is moving forward in hiring a Human Resources Services Specialist. This position will be of value to UCIP as well.

Johnnie reported that he provided supervisor training for Carbon and Emery Counties.

Johnnie explained that pressure continues to allow cities in the Pool. One way UCIP can help is to provide expertise and help with reinsurance negotiations to URMMA to grow its city membership.

Johnnie Miller reported that the reinsurer for the State Risk Management announced that they will no longer cover law enforcement liability. This is the direction the standard market is heading. The Jail Standards UCIP funded years ago were well worth the expense. Sheriffs are following those standards.

Johnnie Miller reported that some of the changes to the coverage addendum will be enhancements to cyber liability, additional language for unmanned aircraft systems, and approval of defense counsel assigned to a claim by the county attorney. These amendments will be provided to the Board at their next meeting.

Planning for Strategic Planning

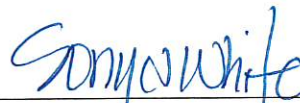
Bruce Adams reviewed the tentative schedule for the upcoming June 1-3 Strategic Planning Session with the Board (see attachment number ten). Management will provide final details to the Board for this session.

Other Business

Johnnie Miller reported that Parker Boice will be leaving employment with UCIP on May 13, 2016. He will start work on May 16 at Qualtrics.

The next meeting of the Board of Trustees will be held Friday, June 3, 2016 at 12:30 p.m. at the Purgatory Sports Park, 5650 W 700 S, Hurricane, Utah.

Prepared by:



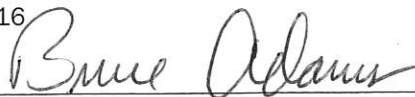
Sonya White, UCIP Chief Financial Officer

Submitted on this 3 day of June
2016



Karla Johnson, Secretary/Treasurer

Approved on this 3 day of June
2016



Bruce Adams, President

By The Numbers

Actuarial

Consulting, Inc.



Draft Issued 2/29/16

Mary Jean King, FCAS, CERA, MAAA
SVP & Consulting Actuary
118 Warfield Road
Cherry Hill, NJ 08034
P:856.428.5961
mking@bynac.com

UTAH COUNTIES INDEMNITY POOL

ACTUARIAL REPORT

Reserve Analysis as of 12/31/15

2/29/16

Table 15

UTAH COUNTIES INDEMNITY POOL

GENERAL LIABILITY EXCLUDING LE AND EO

INCURRED LOSS DEVELOPMENT FACTORS
(Unlimited Losses Including ALAE Gross of Recoveries)

A. INCURRED LOSSES

Policy Period	Age of Policy Period in Months										
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months
1/1-12/31/99										496,927	596,927
1/1-12/31/00									144,379	144,379	144,379
1/1-12/31/01								314,845	314,845	314,845	314,846
1/1-12/31/02							102,479	102,479	102,479	102,479	102,479
1/1-12/31/03						154,533	154,534	154,534	154,534	154,534	154,534
1/1-12/31/04					70,434	70,434	70,434	70,435	70,435	70,434	70,434
1/1-12/31/05				519,502	556,177	556,177	691,404	691,404	691,404	691,404	691,404
1/1-12/31/06			52,353	28,123	28,123	28,122	28,123	28,123	28,122	28,122	
1/1-12/31/07		294,082	353,015	354,373	364,427	389,427	409,334	409,334	409,334		
1/1-12/31/08	65,954	103,304	144,175	149,943	200,793	182,187	182,187	182,187			
1/1-12/31/09	37,708	172,541	279,422	322,213	554,637	541,359	593,252				
1/1-12/31/10	117,333	340,233	401,218	934,659	1,019,904	1,195,109					
1/1-12/31/11	85,200	315,852	303,899	374,819	383,620						
1/1-12/31/12	175,759	664,677	733,440	855,449							
1/1-12/31/13	252,646	345,284	486,303								
1/1-12/31/14	155,767	133,755									
1/1-12/31/15	3,132										

B. AGE-TO-AGE FACTORS

Policy Period	12 to 24 Months	24 to 36 Months	36 to 48 Months	48 to 60 Months	60 to 72 Months	72 to 84 Months	84 to 96 Months	96 to 108 Months	108 to 120 Months	120 to 132 Months	132 to Ultimate
1/1-12/31/99										1.201	
1/1-12/31/00									1.000	1.000	
1/1-12/31/01								1.000	1.000	1.000	
1/1-12/31/02							1.000	1.000	1.000	1.000	
1/1-12/31/03						1.000	1.000	1.000	1.000	1.000	
1/1-12/31/04					1.000	1.000	1.000	1.000	1.000	1.000	
1/1-12/31/05				1.071	1.000	1.243	1.000	1.000	1.000	1.000	
1/1-12/31/06			0.537	1.000	1.000	1.000	1.000	1.000	1.000		
1/1-12/31/07		1.200	1.004	1.028	1.069	1.051	1.000	1.000			
1/1-12/31/08	1.566	1.396	1.040	1.339	0.907	1.000	1.000				
1/1-12/31/09	4.576	1.619	1.153	1.721	0.976	1.096					
1/1-12/31/10	2.900	1.179	2.330	1.091	1.172						
1/1-12/31/11	3.707	0.962	1.233	1.023							
1/1-12/31/12	3.782	1.103	1.166								
1/1-12/31/13	1.367	1.408									
1/1-12/31/14	0.859										
Average	2.680	1.267	1.209	1.182	1.018	1.056	1.000	1.000	1.000	1.029	
Wtd Avg	2.331	1.208	1.332	1.158	1.060	1.108	1.000	1.000	1.000	1.051	
3 Yr Avg	2.003	1.158	1.576	1.278	1.018	1.049	1.000	1.000	1.000	1.000	
5 Yr Mid Avg	2.658	1.230	1.184	1.153	1.015	1.049	1.000	1.000	1.000	1.000	
GL ^A	1.895	1.315	1.315	1.110	1.085	1.075	1.015	1.005	1.005	1.005	1.000
Prior (GL)	1.860	1.385	1.335	1.125	1.085	1.075	1.010	1.005	1.005	1.005	1.000
Selected	2.330	1.210	1.330	1.160	1.085	1.075	1.015	1.005	1.005	1.005	1.000

C. INCURRED LOSS DEVELOPMENT FACTORS

12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate	132 to Ultimate
5.224	2.242	1.853	1.393	1.201	1.107	1.030	1.015	1.010	1.005	1.000

^A From Section B of Appendix E, Exhibit I.

Table 17

UTAH COUNTIES INDEMNITY POOL

GENERAL LIABILITY EXCLUDING LE AND EO

PAID LOSS DEVELOPMENT FACTORS

(Unlimited Losses Including ALAE Gross of Recoveries)

A. PAID LOSSES

Policy Period	Age of Policy Period in Months										
	12 Months	24 Months	36 Months	48 Months	60 Months	72 Months	84 Months	96 Months	108 Months	120 Months	132 Months
1/1-12/31/99										423,575	536,502
1/1-12/31/00									144,379	144,379	144,379
1/1-12/31/01								314,846	314,846	314,846	314,846
1/1-12/31/02							102,479	102,479	102,479	102,479	102,478
1/1-12/31/03						154,533	154,534	154,533	154,534	154,534	154,534
1/1-12/31/04					70,434	70,434	70,434	70,435	70,435	70,434	70,434
1/1-12/31/05				294,780	314,863	336,940	691,404	691,404	691,404	691,404	691,404
1/1-12/31/06			27,786	28,124	28,124	28,122	28,123	28,123	28,122	28,122	
1/1-12/31/07		89,190	300,529	321,004	338,967	353,128	409,335	409,335	409,335		
1/1-12/31/08	28,304	28,305	59,161	110,204	182,187	182,187	182,187	182,187			
1/1-12/31/09	10,998	66,740	179,313	275,501	332,491	421,049	568,655				
1/1-12/31/10	13,125	82,884	245,101	752,098	944,685	1,176,873					
1/1-12/31/11	32,625	53,241	108,426	271,904	320,863						
1/1-12/31/12	56,308	216,311	548,347	699,229							
1/1-12/31/13	21,121	178,471	307,421								
1/1-12/31/14	46,351	58,755									
1/1-12/31/15	1,602										

B. AGE-TO-AGE FACTORS

Policy Period	12 to 24 Months	24 to 36 Months	36 to 48 Months	48 to 60 Months	60 to 72 Months	72 to 84 Months	84 to 96 Months	96 to 108 Months	108 to 120 Months	120 to 132 Months	132 to Ultimate
1/1-12/31/99										1.267	
1/1-12/31/00									1.000	1.000	
1/1-12/31/01								1.000	1.000	1.000	
1/1-12/31/02							1.000	1.000	1.000	1.000	
1/1-12/31/03					1.000	1.000	1.000	1.000	1.000	1.000	
1/1-12/31/04					1.000	1.000	1.000	1.000	1.000	1.000	
1/1-12/31/05				1.068	1.070	2.052	1.000	1.000	1.000	1.000	
1/1-12/31/06			1.012	1.000	1.000	1.000	1.000	1.000	1.000		
1/1-12/31/07		3.370	1.068	1.056	1.042	1.159	1.000	1.000			
1/1-12/31/08	1.000	2.090	1.863	1.653	1.000	1.000	1.000				
1/1-12/31/09	6.068	2.687	1.536	1.207	1.266	1.351					
1/1-12/31/10	6.315	2.957	3.069	1.256	1.246						
1/1-12/31/11	1.632	2.037	2.508	1.180							
1/1-12/31/12	3.842	2.535	1.275								
1/1-12/31/13	8.450	1.723									
1/1-12/31/14	1.268										
Average	4.082	2.486	1.762	1.203	1.089	1.223	1.000	1.000	1.000	1.038	
Wtd Avg	3.279	2.445	1.674	1.199	1.161	1.361	1.000	1.000	1.000	1.059	
3 Yr Avg	4.520	2.098	2.284	1.214	1.171	1.170	1.000	1.000	1.000	1.000	
5 Yr Mid Avg	3.930	2.420	1.969	1.214	1.096	1.170	1.000	1.000	1.000	1.000	
GL^	3.640	2.165	1.545	1.245	1.180	1.135	1.050	1.010	1.005	1.005	1.000
Prior (GL)	3.805	2.180	1.560	1.275	1.180	1.095	1.030	1.010	1.010	1.005	1.000
Selected	3.775	2.445	1.675	1.200	1.160	1.135	1.050	1.010	1.005	1.005	1.000

C. PAID LOSS DEVELOPMENT FACTORS

	12 to Ultimate	24 to Ultimate	36 to Ultimate	48 to Ultimate	60 to Ultimate	72 to Ultimate	84 to Ultimate	96 to Ultimate	108 to Ultimate	120 to Ultimate	132 to Ultimate
	26.176	6.934	2.836	1.693	1.411	1.216	1.071	1.020	1.010	1.005	1.000

^ From Section B of Appendix E, Exhibit II.

Table 21

UTAH COUNTIES INDEMNITY POOL

GENERAL LIABILITY EXCLUDING LE AND EO

SELECTED ESTIMATED ULTIMATE INCURRED LOSSES
(Limited to Specific Retention)

A. SELECTED ULTIMATE LOSSES GROSS OF RECOVERIES

Policy Period	Incurred Loss Development Method	Paid Loss Development Method	Incurred Bornhuetter-Ferguson Method	Paid Bornhuetter-Ferguson Method	Selected Estimated Ultimate Incurred Losses#
1/1-12/31/99	\$ 322,667	\$ 322,667	\$ 322,667	\$ 322,667	\$ 322,667
1/1-12/31/00	144,379	144,379	144,379	144,379	144,379
1/1-12/31/01	314,846	314,846	314,846	314,846	314,846
1/1-12/31/02	102,478	102,478	102,478	102,478	102,478
1/1-12/31/03	154,534	154,534	154,534	154,534	154,534
1/1-12/31/04	70,434	70,434	70,434	70,434	70,434
1/1-12/31/05	486,616	486,616	486,616	486,616	486,616
1/1-12/31/06	28,263	28,263	28,263	28,263	28,263
1/1-12/31/07	413,427	413,428	413,427	413,428	413,427
1/1-12/31/08	184,920	182,187	184,911	182,187	184,916
1/1-12/31/09	569,850	592,532	570,730	593,029	570,290
1/1-12/31/10	1,285,166	1,431,078	1,315,763	1,416,629	1,300,465
1/1-12/31/11	460,728	452,738	463,442	459,955	462,085
1/1-12/31/12	814,790	859,334	919,654	993,104	867,222
1/1-12/31/13	901,119	871,846	944,652	952,099	922,886
1/1-12/31/14	299,879	407,407	268,848	267,491	284,364
1/1-12/31/15	16,362	41,934	520,892	617,282	520,892 ^A
Total	\$ 6,570,458	\$ 6,876,701	\$ 7,226,536	\$ 7,519,421	\$ 7,150,764

B. SELECTED ULTIMATE LOSSES NET OF RECOVERIES

Policy Period	Selected Estimated Ultimate Gross of Recoveries	Recoveries	Selected Estimated Ultimate Net of Recoveries
1/1-12/31/99	\$ 322,667	\$ 740	\$ 321,927
1/1-12/31/00	144,379	1,863	142,516
1/1-12/31/01	314,846	0	314,846
1/1-12/31/02	102,478	0	102,478
1/1-12/31/03	154,534	0	154,534
1/1-12/31/04	70,434	0	70,434
1/1-12/31/05	486,616	438	486,178
1/1-12/31/06	28,263	0	28,263
1/1-12/31/07	413,427	74	413,353
1/1-12/31/08	184,916	0	184,916
1/1-12/31/09	570,290	0	570,290
1/1-12/31/10	1,300,465	0	1,300,465
1/1-12/31/11	462,085	0	462,085
1/1-12/31/12	867,222	0	867,222
1/1-12/31/13	922,886	0	922,886
1/1-12/31/14	284,364	0	284,364
1/1-12/31/15	520,892	0	520,892
Total	\$ 7,150,764	\$ 3,115	\$ 7,147,649

Selected the average of the incurred methods unless otherwise noted.

^A Selected the incurred Bornhuetter-Ferguson method due to the immaturity of the period.

Table 45

UTAH COUNTIES INDEMNITY POOL

ALL COVERAGES

ESTIMATED REQUIRED RESERVES AS OF 12/31/15
(Limited to Specific and Aggregate Retentions)
(Net of Recoveries)

A. LOSS SUMMARY

Policy Period	Estimated Ultimate Incurred Losses	Incurred Losses as of 12/31/15	Paid Losses as of 12/31/15
1/1-12/31/99	\$ 1,530,000	\$ 1,530,000	\$ 1,530,000
1/1-12/31/00	1,067,854	1,067,854	1,067,854
1/1-12/31/01	1,715,000	1,715,000	1,715,000
1/1-12/31/02	1,850,000	1,850,000	1,850,000
1/1-12/31/03	2,418,838	2,418,838	2,418,838
1/1-12/31/04	2,662,597	2,662,597	2,662,597
1/1-12/31/05	2,526,117	2,526,117	2,526,117
1/1-12/31/06	2,413,292	2,406,885	2,406,885
1/1-12/31/07	2,594,413	2,583,378	2,545,114
1/1-12/31/08	3,207,286	3,184,511	3,084,678
1/1-12/31/09	2,947,227	2,888,680	2,815,310
1/1-12/31/10	3,570,456	3,347,091	3,256,477
1/1-12/31/11	2,951,868	2,657,401	2,385,267
1/1-12/31/12	3,650,067	2,982,943	2,636,521
1/1-12/31/13	3,514,880	2,357,202	1,869,036
1/1-12/31/14	3,627,360	2,355,542	1,549,246
1/1-12/31/15	3,065,561	1,320,324	893,701
Total	\$45,312,816	\$39,854,363	\$37,212,641

B. ESTIMATED REQUIRED RESERVES AS OF 12/31/15

Policy Period	Case Reserves as of 12/31/15	Estimated IBNR as of 12/31/15	Estimated Required Reserves as of 12/31/15
1/1-12/31/99	\$ 0	\$ 0	\$ 0
1/1-12/31/00	0	0	0
1/1-12/31/01	0	0	0
1/1-12/31/02	0	0	0
1/1-12/31/03	0	0	0
1/1-12/31/04	0	0	0
1/1-12/31/05	0	0	0
1/1-12/31/06	0	6,407	6,407
1/1-12/31/07	38,264	11,035	49,299
1/1-12/31/08	99,833	22,775	122,608
1/1-12/31/09	73,370	58,547	131,917
1/1-12/31/10	90,614	223,365	313,979
1/1-12/31/11	272,134	294,467	566,601
1/1-12/31/12	346,422	667,124	1,013,546
1/1-12/31/13	488,166	1,157,678	1,645,844
1/1-12/31/14	806,296	1,271,818	2,078,114
1/1-12/31/15	426,623	1,745,237	2,171,860
Total	\$ 2,641,722	\$ 5,458,453	\$ 8,100,175

including law enforcement liability and errors and omissions losses for the 1/1-12/31/10 through 1/1-12/31/12 periods were lower than expected.

**COMPARISON OF ESTIMATED ULTIMATE
INCURRED LOSSES TO PRIOR ACTUARIAL REPORT
ALL COVERAGES**
(Limited to Specific and Aggregate Retentions)
(Net of Recoveries)

Policy Period	Current Analysis (Table 44 Section B)	5/27/15 Report (Table 30 Section B)	Change	Percent Change
1/1-12/31/99	\$ 1,530,000 @	\$ 1,530,000 @	\$ 0	0.0%
1/1-12/31/00	1,067,854	1,067,854	0	0.0%
1/1-12/31/01	1,715,000 @	1,715,000 @	0	0.0%
1/1-12/31/02	1,850,000 @	1,850,000 @	0	0.0%
1/1-12/31/03	2,418,838	2,418,838	0	0.0%
1/1-12/31/04	2,662,597	2,662,597	0	0.0%
1/1-12/31/05	2,526,117	2,526,117	0	0.0%
1/1-12/31/06	2,413,292	2,407,586	5,706	0.2%
1/1-12/31/07	2,594,413	2,585,433	8,980	0.3%
1/1-12/31/08	3,207,286	3,179,753	27,533	0.9%
1/1-12/31/09	2,947,227	3,058,581	(111,354)	(3.6%)
1/1-12/31/10	3,570,456	3,714,025	(143,569)	(3.9%)
1/1-12/31/11	2,951,868	3,079,800	(127,932)	(4.2%)
1/1-12/31/12	3,650,067	3,836,673	(186,606)	(4.9%)
1/1-12/31/13	3,514,880	3,906,518	(391,638)	(10.0%)
1/1-12/31/14	3,627,360	3,666,324	(38,964)	(1.1%)
Total	\$42,247,255	\$43,205,099	(\$ 957,844)	(2.2%)

@ Limited to the aggregate retention.

FINDINGS

The findings are the product of loss experience, actuarial assumptions, quantitative analysis, and professional judgment. The estimated required reserves are expressed in terms of ranges that indicate the reliance on assumptions believed to be reasonable and are subject to all the limitations expressed herein.

ESTIMATED REQUIRED RESERVES

The required reserves shown in the following tables should be used for financial statement reporting as of that date. However, until all the claims that occurred on or before 12/31/15 are closed, the actual reserve need remains an estimate. While the experience of UCIP indicates that the required reserves will fall within the range established in this report, the possibility exists that extraordinary or unexpected circumstances could cause the actual reserve need to be less than or greater than the range. Therefore, the findings cannot be warranted or guaranteed.

ESTIMATED LOSS AND ALAE RESERVES INCLUDING IBNR FOR 1/1/99-12/31/15 AS OF 12/31/15 (Limited to Specific and Aggregate Retentions)

	Line of Business	Low	Expected	High
Undiscounted for Investment Income	GL	\$7,060,000	\$7,840,000	\$9,070,000
	AL	140,000	150,000	200,000
	Property	100,000	100,000	130,000
	Total	\$7,300,000	\$8,090,000	\$9,400,000
Discounted at 1.0% per Annum	GL	\$6,870,000	\$7,640,000	\$8,830,000
	AL	130,000	150,000	200,000
	Property	90,000	100,000	130,000
	Total	\$7,090,000	\$7,890,000	\$9,160,000

Table 47

UTAH COUNTIES INDEMNITY POOL
ALL COVERAGES
HISTORICAL PROFITABILITY ANALYSIS

A. ESTIMATED UNDERWRITING INCOME

Policy Period	Premium*	Operating Expenses*	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income
1/1-12/31/01	\$ 3,222,871	\$ 1,489,185	\$ 1,733,686	\$ 1,715,000	\$ 18,686
1/1-12/31/02	3,505,736	1,644,953	1,860,783	1,850,000	10,783
1/1-12/31/03	3,930,854	2,042,668	1,888,186	2,418,838	(530,652)
1/1-12/31/04	4,194,644	2,048,851	2,145,793	2,662,597	(516,804)
1/1-12/31/05	4,217,591	2,046,257 #	2,171,334	2,526,117	(354,783)
1/1-12/31/06	4,195,406	2,058,540 #	2,136,866	2,413,292	(276,426)
1/1-12/31/07	4,676,898	2,426,559 #	2,250,339	2,594,413	(344,074)
1/1-12/31/08	5,146,934	2,145,715	3,001,219	3,207,286	(206,067)
1/1-12/31/09	5,573,525 ^	2,012,633 ^	3,560,892	2,947,227	613,665
1/1-12/31/10	5,710,286	2,444,578	3,265,708	3,570,456	(304,748)
1/1-12/31/11	5,922,572	2,401,787	3,520,785	2,951,868	568,917
1/1-12/31/12	6,282,067	2,625,921	3,656,146	3,650,067	6,079
1/1-12/31/13	5,085,489	2,679,532	2,405,957	3,514,880	(1,108,923)
1/1-12/31/14	4,590,930	2,400,993	2,189,937	3,627,360	(1,437,423)
1/1-12/31/15	5,150,384 ~	2,564,959 ~	2,585,425	3,065,561	(480,136)
Total	\$71,406,187	\$33,033,131	\$38,373,056	\$42,714,962	(\$4,341,906)

B. ESTIMATED FUND BALANCE

Policy Period	Estimated Underwriting Income	Interest & Other Income*	Estimated Net Income	Dividends	Estimated Net Income After Dividends
1/1-12/31/01	\$ 18,686	\$ 434,407	\$ 453,093		\$ 453,093
1/1-12/31/02	10,783	237,750	248,533		248,533
1/1-12/31/03	(530,652)	223,149	(307,503)		(307,503)
1/1-12/31/04	(516,804)	230,501	(286,303)		(286,303)
1/1-12/31/05	(354,783)	400,393	45,610		45,610
1/1-12/31/06	(276,426)	618,976	342,550		342,550
1/1-12/31/07	(344,074)	554,819	210,745		210,745
1/1-12/31/08	(206,067)	(42,271)	(248,338)		(248,338)
1/1-12/31/09	613,665	176,378 ^	790,043		790,043
1/1-12/31/10	(304,748)	302,702	(2,046)		(2,046)
1/1-12/31/11	568,917	520,411	1,089,328		1,089,328
1/1-12/31/12	6,079	437,299	443,378		443,378
1/1-12/31/13	(1,108,923)	(16,887)	(1,125,810)	\$ 91,828	(1,217,638)
1/1-12/31/14	(1,437,423)	560,974	(876,449)		(876,449)
1/1-12/31/15	(480,136)	66,338 ~	(413,798)		(413,798)
Total	(\$4,341,906)	\$4,704,939	\$ 363,033	\$ 91,828	\$ 271,205

* From the audited financial statements.

Split administrative expenses 19% workers compensation and 81% multi-line at UCIP's request.

^ Split workers compensation and multi-line based on estimates provided by UCIP.

~ Estimated by UCIP.

UTAH COUNTIES INDEMNITY POOL

FINANCIAL STATEMENTS

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees
Utah Counties Indemnity Pool
Murray, Utah**

Report on the Financial Statements

We have audited the accompanying financial statements of Utah Counties Indemnity Pool (the Pool or UCIP) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Pool's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pool as of December 31, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9, the Contributions and Loss Development Information on page 31, and schedules of the proportionate share of the net pension liability and employer contributions on pages 32 and 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated _____ 2016, on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Pool's internal control over financial reporting and compliance.

Salt Lake City, Utah
_____ 2016

UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2015

In conformity with Governmental Accounting Standards Board (GASB) Statement No. 34, the management of the Utah Counties Indemnity Pool (the Pool or UCIP) presents this Management's Discussion and Analysis for the readers of UCIP's financial statements. Our intent is to provide a narrative overview and analysis of the financial activities of UCIP for the fiscal year ended December 31, 2015. Readers are encouraged to consider this information in conjunction with the financial statements, notes to the financial statements and required supplementary information included in the independent auditors' report.

FINANCIAL STATEMENTS PROVIDED

Included in the independent auditors' report are the basic financial statements required under the GASB standards including:

- Statements of Net Position – Accounts for all assets, deferred outflows or resources, liabilities and deferred inflows of resources of UCIP as of December 31, 2015, showing the balance of net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) as of that date.
- Statements of Revenues, Expenses, and Changes in Net Position – Accounts for all revenue and expenses accrued for the fiscal period, with calculation of the change in net position (revenue minus expenses) for the period. Expenses are classified as Operating Expenses (primarily consisting of expected losses to be paid and the cost of excess insurance covering catastrophic losses) and Administrative Expenses (primarily consisting of staff salaries and benefits and office operations). Expenses are further categorized to provide a level of detail appropriate for general management overview and control.
- Statements of Cash Flows – Accounts for all revenues and expenses received or paid during the fiscal period with a calculation of net increase in cash and cash equivalents (revenue minus expenses) and total cash and cash equivalents at the end of the period. This statement provides a contrasting view of the revenues and expenses from the Statement of Revenues, Expenses, and Changes in Net Position as it accounts for revenues and expenses that were actually received or paid during the period, regardless of when the revenue was earned or due, or when the expense was accrued or invoiced.

BASIS OF ACCOUNTING METHODS

Financial statements provided in this report are reported using the Governmental Accounting Standards Board (GASB) basis of accounting. Traditional insurance companies often utilize statutory accounting methods in development of their financial statements that differ significantly from GASB accounting methods. Attempts to perform simple comparisons or benchmark analysis of a commercial carrier's financial reports and the financial reports contained here will likely yield distorted results.

UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2015

CONDENSED FINANCIAL INFORMATION

The following Condensed Financial Statements are meant to provide a summary view of the audited financial statements as support for comments and analysis of the financial condition of UCIP offered by management in this letter.

Assets and Liabilities

Current and other assets increased \$1,606,440 at year end 2015 compared to the prior year end while investments decreased \$614,361 for the same period. Capital assets increased \$525,648 as a result of depreciation and the reclassification of land held for investment. Deferred outflows of resources in the amount of \$75,814 in the year 2015 and \$66,494 in prior year 2014 are reflected for the first time as a result of the implementation of GASB 68. Deferred outflows related to pensions increased \$9,320. Total assets increased \$1,526,499 at year end 2015.

Total liabilities at year end 2015 increased \$700,174 over year end 2014. This increase was primarily the result of a \$1,315,389 increase in member contributions paid in advance. Noncurrent liabilities in the year 2015 and 2014 are reflected for the first time as a result of the implementation of GASB 68, Accounting and Financial Reporting for Pensions. The new statement requires employers providing defined benefit pensions through pension plans administered as trusts, to recognize their long-term obligation for those benefits as a liability. The Pool provides a defined pension plan to certain employees through the Utah Retirement Systems (URS) and therefore, met the implementation criteria. As a result, the Pool has recorded a noncurrent liability of \$179,248 in 2015 and \$222,793 in 2014. Inflows related to pensions amounted to \$22,952 in 2015. Consistent with the statement requirements, the beginning balance has been recorded as a component of net position as there is inadequate information to restate the prior year.

In 2015 and 2014, net position increased by \$826,325 and decreased by \$1,302,335, respectively, during the fiscal years.

UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2015

The condensed statements of net assets for the years ended 2015 and 2014 are as follow:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Assets:			
Current and other assets	\$ 10,221,218	\$ 8,614,778	\$ 1,606,440
Capital assets	541,728	16,080	525,648
Investments	3,502,225	4,116,586	(614,361)
Security Deposit	10,788	11,336	(548)
Outflows related to pensions	75,814	66,494	9,320
Total assets	<u>\$ 14,351,773</u>	<u>\$ 12,825,274</u>	<u>\$ 1,526,499</u>
Liabilities:			
Current and other liabilities	\$ 2,791,704	\$ 1,484,774	\$ 1,306,930
Reserve for losses and loss adjustment	8,185,675	8,771,838	(586,163)
Noncurrent liabilities	179,248	222,793	(43,545)
Inflows related to pensions	22,952	-	22,952
Total liabilities	11,179,579	10,479,405	700,174
Net position:			
Invested in capital assets	541,728	16,080	525,648
Unrestricted	2,630,466	2,329,789	300,677
Total net position	<u>3,172,194</u>	<u>2,345,869</u>	<u>826,325</u>
Total liabilities and net position	<u>\$ 14,351,773</u>	<u>\$ 12,825,274</u>	<u>\$ 1,526,499</u>

Operating Revenue and Expense

Revenue from contributions increased \$559,454 for a total of \$5,150,384 in 2015. This increase is attributed to an increase in member exposures. Other income increased \$20,761 primarily from the sale of capital assets. Operating expenses decreased \$1,900,510 from the prior year.

**UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2015**

The condensed statements of operating revenue and expense for the years ended 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Operating revenue:			
Contributions	\$ 5,150,384	\$ 4,590,930	\$ 559,454
Investment income	199,586	546,910	(347,324)
Other income	34,894	14,133	20,761
Total operating revenues	<u>5,384,864</u>	<u>5,151,973</u>	<u>232,891</u>
Operating expenses:			
Loss and loss adjustment expenses	2,001,894	4,053,246	(2,051,352)
Reinsurance coverage	1,595,540	1,434,788	160,752
Administration	956,295	966,205	(9,910)
Total operating expenses	<u>4,553,729</u>	<u>6,454,239</u>	<u>(1,900,510)</u>
Net operating income (loss)	831,135	(1,302,266)	2,133,401
Unrealized loss on investments	<u>(4,810)</u>	<u>(69)</u>	<u>(4,741)</u>
Change in net position	<u>\$ 826,325</u>	<u>\$ (1,302,335)</u>	<u>\$ 2,128,660</u>

Investments

As a governmental subdivision regulated by the Money Management Council, UCIP invests the majority of funds in the Public Treasurers' Investment Fund (PTIF). Utilizing this "safe harbor" for compliance with the Money Management Act also provides UCIP significant liquidity and protection of capital in its invested assets. In 2011, UCIP moved \$2,000,000 of invested funds to Zions Capital Advisors in anticipation of increasing investment rates. While investments with Zions Capital Advisors outperformed the PTIF by a small amount in 2015 and 2014, it is anticipated these investments will outpace the PTIF more significantly as the market strengthens.

Equity investments consist of equity ownership in County Reinsurance Limited (CRL), a property and liability reinsurance pool of county based pools across the United States. UCIP is a member of CRL.

UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2015

The condensed statements of cash and cash equivalents and investments for the years ended 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Cash and cash equivalents:			
Cash on deposit	\$ 891,207	\$ 248,109	\$ 643,098
Public Treasurers' Investment Fund	8,683,921	6,318,420	2,365,501
Zions Capital Advisors	254,440	70,376	184,064
Total cash and cash equivalents	<u>9,829,568</u>	<u>6,636,905</u>	<u>3,192,663</u>
Investments:			
Investments - U.S. government securities	1,838,237	2,003,901	(165,664)
Equity investment in County			
Reinsurance Limited	1,814,158	1,687,283	126,875
Land held for sale	-	526,778	(526,778)
Total investments	<u>3,652,395</u>	<u>4,217,962</u>	<u>(565,567)</u>
Total cash and cash equivalents and investments	<u>\$ 13,481,963</u>	<u>\$ 10,854,867</u>	<u>\$ 2,627,096</u>

Financial Position

The Net Asset Management Plan was adopted by the Board to actively manage UCIP's net position between 90-100% of annual revenue. The plan provides that when net position exceeds 100% of annual revenue, the Board should issue dividends as experience dividends and/or equity dividends based on the UCIP Dividend Policy. Based on the 2016 member contributions of \$5,878,876, the surplus (net position) to contributions (revenue) ratio at year end 2015 was within industry standards.

The condensed statements of changes in net position for the years ended 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>	<u>Net Change</u>
Revenues and expenses:			
Revenues	\$ 5,380,054	\$ 5,151,904	\$ 228,150
Expenses	4,553,729	6,454,239	(1,900,510)
Net income (loss)	<u>826,325</u>	<u>(1,302,335)</u>	<u>2,128,660</u>
Net position, beginning of year	2,502,168	3,804,503	(1,302,335)
Prior period adjustment	<u>(156,299)</u>	<u>-</u>	<u>(156,299)</u>
Net position, beginning of year, as restated	<u>2,345,869</u>	<u>3,804,503</u>	<u>(1,458,634)</u>
Net position, end of year	<u>\$ 3,172,194</u>	<u>\$ 2,502,168</u>	<u>\$ 670,026</u>

UTAH COUNTIES INDEMNITY POOL
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
Year ended December 31, 2015

BUDGET

Revenue

Actual 2015 revenues were \$154,980 more than budgeted due to investment income performance.

Losses and Reinsurance Expenses

Actual 2015 expenses were \$651,271 less than budgeted due primarily to a decrease in losses and loss adjustment expenses.

Administrative Expenses

Management closely monitored budgeted administrative expenses of \$1,010,000 and was able to operate with actual expenses of \$956,295. The savings on actual to budgeted expenses was achieved primarily in the area of office operations.

MARKET TRENDS IN 2016

Management anticipates continued competitive pressure due to protracted soft market conditions. To counteract this trend, management and the Board have worked to expand member services and strengthen its relationship with the Utah Association of Counties, which originally created UCIP.

Property

Changes in catastrophic loss models which significantly increased the modeled earthquake loss exposure for the entire state of Utah in 2011 were updated early in 2013 and again in 2015 with some reduction in the modeled earthquake exposure for portions of Utah, which may provide some relief on property reinsurance premiums from that budgeted for 2016.

Liability

While the overall market conditions are believed to remain competitive, signs of carriers increasing liability premiums continue into 2016. Most notably is the industry's move to exclude cyber liability risk from standard general liability and errors and omissions forms without a corresponding rate reduction, while selling this coverage as a new separate policy form for significant additional premium. Eventually, the liability market will increase premiums to improve their combined ratios to attract investors. This eventual "hardening" of the market will relieve some competitive pressure, but will also create increased reinsurance costs.

Questions concerning any of the information in this report, or any other matters related to UCIP's budget and finances should be addressed to the Chief Financial Officer, Utah Counties Indemnity Pool, 5397 S. Vine, Murray, UT 84107.

UTAH COUNTIES INDEMNITY POOL
STATEMENT OF NET POSITION
December 31, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 9,829,568
Short-term investments	150,170
Accounts receivable	2,887
Net pension asset	118
Prepaid expenses	238,475

TOTAL CURRENT ASSETS	10,221,218
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INVESTMENTS	3,502,225
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PROPERTY AND EQUIPMENT	541,728
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SECURITY DEPOSIT	10,788
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	75,814
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 14,351,773
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Reserves for losses and loss adjustment expenses	\$ 8,185,675
Accounts payable	1,918
Accrued expenses	70,388
Contributions paid in advance	2,719,398

TOTAL CURRENT LIABILITIES	10,977,379
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NONCURRENT LIABILITIES

Net pension liability	179,248
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pensions	22,952
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NET POSITION

Net investment in capital assets	541,728
Unrestricted	2,630,466

TOTAL NET POSITION	3,172,194
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 14,351,773
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The accompanying notes are an integral part of the financial statements.

UTAH COUNTIES INDEMNITY POOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended December 31, 2015

OPERATING INCOME		
Contributions	\$	5,150,384
Investment income		199,586
Other income		34,894
	TOTAL OPERATING INCOME	<u>5,384,864</u>
UNDERWRITING EXPENSES		
Losses and loss adjustment expenses		2,001,894
Reinsurance coverage		1,595,540
	TOTAL UNDERWRITING EXPENSES	<u>3,597,434</u>
ADMINISTRATION EXPENSES		
Trustees		41,796
Depreciation		13,188
Risk management		51,542
Public relations		15,106
Office		188,001
Financial		71,301
Personnel		575,361
	TOTAL ADMINISTRATION EXPENSES	<u>956,295</u>
	TOTAL OPERATING EXPENSES	<u>4,553,729</u>
	NET OPERATING INCOME	831,135
OTHER INCOME EXPENSES		
Unrealized loss on marketable securities		(4,810)
	TOTAL OTHER EXPENSES	<u>(4,810)</u>
	CHANGE IN NET POSITION	826,325
	NET POSITION AT BEGINNING OF YEAR	2,502,168
	Prior period adjustment (Note 11)	<u>(156,299)</u>
	NET POSITION AT BEGINNING OF YEAR, AS RESTATED	<u>2,345,869</u>
	NET POSITION AT END OF YEAR	<u><u>\$ 3,172,194</u></u>

The accompanying notes are an integral part of the financial statements.

UTAH COUNTIES INDEMNITY POOL
STATEMENT OF CASH FLOWS
Year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Contributions collected	\$ 6,466,076
Other fees collected	27,313
Reinsurance paid	39,291
Losses and loss expenses paid	(2,588,057)
Cash paid to employees	(613,287)
Other administrative expenses paid	(367,762)
CASH FLOWS FROM OPERATING ACTIVITIES	2,963,574
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(12,487)
Cash from sale of capital assets	8,010
CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,477)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,690,956)
Sale of investments	2,856,621
Investment income	67,901
NET CASH FLOWS FROM INVESTING ACTIVITIES	233,566
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,192,663
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,636,905
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,829,568
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH	
 FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 826,325
Adjustments to reconcile change in net position to	
net cash flows from operating activities	
Depreciation	13,188
Interest on investments	(72,711)
Increase in equity in CRL	(126,875)
Net outflows of resources relating to pension	(30,031)
Unrealized loss on investments	4,810
Gain on sale of capital assets	(7,581)
Accounts receivable	303
Member receivable	1,649,895
Prepaid expenses	(15,064)
Security deposits	548
Reserves for loss and loss adjustment expenses	(586,163)
Accounts payable	(564)
Accrued expenses	(7,895)
Contributions paid in advance	1,315,389
Total adjustments	2,137,249
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 2,963,574

The accompanying notes are an integral part of the financial statements.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Utah Counties Indemnity Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. In January 2012, the Pool was renamed the Utah Counties Indemnity Pool. The Pool is a non-profit Interlocal entity formed under Section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, operated as a joint liability reserve fund under Section 63G-7-703 and 801 for counties who enter into the Interlocal Agreement that creates UCIP. The Pool is referred to as a "public agency insurance mutual" under the insurance statutes of the State of Utah, Section 31A-1-103(7). All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Pool has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The Pool has also adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. With the implementation of these statements, the Pool has prepared required supplementary information titled "Management's Discussion and Analysis" which precedes the basic financial statements, has prepared a statement of net position classified between current and noncurrent assets and liabilities, has categorized net position as net investment in capital assets and unrestricted, has prepared the statement of cash flows on the direct method, has adjusted the beginning net position to conform to the changes of GASB 68 related to pension-related items, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. The following is a summary of the more significant policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as accrued expenses.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund (PTIF) and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investments in County Reinsurance Limited (CRL).

Investments in U.S. Government securities as of December 31, 2015 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investments in CRL are valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL, which represents its share of the undistributed earnings or losses of CRL.

Contributions Paid in Advance

Contributions paid by members prior to January 1 of the next calendar year are considered to be deferred until January 1 and are reported as contributions paid in advance in the statement of net assets.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ancillary Coverages

The Pool assists members in placing coverage for exposures not included in the coverage addendum, i.e. aircraft hull, airport liability, bonds, builder's risk, excess cyber liability, and workers compensation. The Pool does not receive any fees on monies collected for member coverage placement.

Contributions

Contributions are collected annually on January 1.

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the year ended December 31, 2015 amounted to \$13,188.

Net Asset Management

To assure that the Pool's assets are adequate without holding excessive net assets, the Pool manages net asset levels between 90% and 100% of annual revenue. Net assets should be controlled within a minimum of 50% and a maximum of 120% of annual revenue. The Pool utilizes a Rate Stabilization Fund and a Dividend Plan to manage net assets.

The Rate Stabilization Fund is utilized to designate surplus to fund unexpected increases in expenses, which necessitate increases in rates short term to allow rate increases to be made incrementally, or to negate temporary rate increases. The Rate Stabilization Fund is a Board-designated portion of unrestricted net assets to be deducted from the Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining Net Assets available for payment of dividends to members and, as required by GASB, is reported as a designation only in the notes to the financial statements. The balance in the Rate Stabilization Fund at December 31, 2015 was \$200,000.

The Dividend Plan is utilized by the Board to return excess net assets to members.

The Net Asset Management Plan indicates net assets should not exceed 100% of contributions unless the Pool has specific needs for such surplus, which may include the following: expectation of new membership; development of a new line of coverage; development of new or expanded coverage; or development of new or expanded services.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows/Outflows of Resources

A deferred inflow of resources is an acquisition of net assets by the Pool that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the Pool that is applicable to a future reporting period. Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount actuarially determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. The liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. [Remove: The methods for making such estimates and for establishing the resulting liabilities are reviewed quarterly and any adjustments are reflected in the period determined.]

The Pool's actuary provides a range of estimates of the reserves for losses and loss adjustment expenses at three levels of confidence: low (50% confidence), expected (66% confidence) and high (80% confidence). Accounting standards require the Pool to book the "expected" level of reserves on its financial statements, and does not allow for the Board to designate or delineate any other amount in the range on the financial statements. In consideration of their duty to protect public funds and the inability of the Pool to assess members if reserves are not adequate, the Board prefers to reserve for claims with greater confidence than the 66% "expected" level. To accomplish this, while complying with audit standards, the Board has adopted, as part of their Net Asset Management Plan, a Claims Deterioration Fund, an amount voluntarily designated by the Board as Net Assets to be deducted from Total Net Assets (referred to as Unrestricted Net Position on the financial statements) when determining Net Assets available for payment of dividends to members. The balance in the Claims Deterioration Fund at December 31, 2015 was \$430,000.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserves for Losses and Loss Adjustment Expenses (continued)

In 2013, the Board approved designating \$430,000 into the Claim Deterioration Fund to assure these additional funds are available if the “expected” claim reserves are ultimately found to be inadequate to pay all liabilities of the Pool. The Board believes managing Net Assets in this manner protects members from large rate increases in the event claims experience does deteriorate.

Subsequent Events

Management of the Pool has evaluated subsequent events through _____, 2016, which is also the date the financial statements were available to be issued. No subsequent events were noted during this evaluation that require recognition or disclosure in these financial statements.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2015. Investing is governed by the prudent man rule in accordance with statutes of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statutes including the State Money Management Act.

Cash and Cash Equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is \$891,207 as of December 31, 2015. The corresponding bank balance of the deposits was \$948,686 as of December 31, 2015.

All of the Pool’s cash on deposit bank accounts are noninterest-bearing. All noninterest-bearing and other depositors’ accounts will be aggregated and insured up to the standard maximum deposit insurance amount of \$250,000 for each deposit insurance ownership category.

The Public Treasurers’ Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund but the PTIF is subject to oversight by the State Money Management Council and all investments in PTIF are considered to be in compliance with the State Money Management Act. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah.

Zions Capital Advisors, (ZCA) is an investment advisory firm certified by the State Money Management Council and all investments with ZCA are in compliance with the State Money Management Act. The maximum final maturity of any security invested in by ZCA is limited to three years. ZCA investments are not insured or otherwise guaranteed.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Pool's bank balances exceeded FDIC coverage by \$698,686 as of December 31, 2015.

As of December 31, 2015, the Pool's cash and cash equivalents and investments included the following:

Cash on deposit	\$ 891,207
Public Treasurers' Investment Fund	8,683,921
Zions Capital Advisors	<u>254,440</u>
Total cash and cash equivalents	9,829,568
Investments - debt securities	1,838,237
Equity investment in County Reinsurance Limited	<u>1,814,158</u>
Total investments	<u>3,652,395</u>
Total cash and cash equivalents and investments	<u><u>\$ 13,481,963</u></u>

Investments

The Pool records its investments in U.S. Government Securities at market value. The Pool records investments with County Reinsurance Limited (CRL) using the equity method of accounting. Investments in CRL are confirmed annually.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (continued)

All other investments are through the Public Treasurers' Investment Fund (PTIF). The differences between book value and fair value as of December 31, 2015 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Statement Value
Securities	\$ 1,843,047	\$ 9,303	\$ (14,113)	\$ 1,838,237	\$ 1,838,237
Equity	1,687,283	126,875	-	1,814,158	1,814,158
Total investments	<u>\$ 3,530,330</u>	<u>\$ 136,178</u>	<u>\$ (14,113)</u>	<u>\$ 3,652,395</u>	<u>\$ 3,652,395</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Pool's policy for managing interest rate risk is to comply with the State Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days or less and fixed rate negotiable deposits and corporate obligations to 365 days or less. The Pool manages its exposure to declines in fair value by investing in the Public Treasurer's Investment Fund (PTIF) and other securities and by adhering to the Act.

Following are the Pool's investments at December 31, 2015:

Investment Type	Carrying Amount and Fair Value	Investment Maturities (in years)	
		Less than 1	1-5
Debt securities:			
Corporate bonds	\$ 291,778	\$ 150,170	\$ 141,608
Mortgage backed securities	1,546,459	-	1,546,459
Total debt securities	1,838,237	<u>\$ 150,170</u>	<u>\$ 1,688,067</u>
Other investments:			
CRL equity	1,814,158		
Total Other Investments	<u>1,814,158</u>		
Total investments	<u>\$ 3,652,395</u>		

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Pool's policy for limiting the credit risk of investments is to comply with the State Money Management Act.

Investments are categorized into these three categories of credit risk:

Category One - Insured or registered, or securities held by the Pool or its agent in the Pool's name.

Category Two - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Pool's name.

Category Three - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, not in the Pool's name.

As of December 31, 2015, investments in debt securities in the amount of \$1,838,237 are considered to be Category Three securities. As of December 31, 2015, Public Treasurers' Investment Fund (PTIF) investments and equity investments in County Reinsurance Limited (CRL) in the total amount of \$10,498,079 are uncategorized investments.

NOTE 3 - INVESTMENT INCOME

Investment income is comprised of the following as of December 31, 2015:

Investment income:	
Bonds	\$ 23,210
Equity	126,875
Cash	49,501
Total investment income	<u>\$ 199,586</u>
Cash received:	
Cash	\$ 49,501
Total cash received	<u>49,501</u>
Noncash adjustments:	
Equity	126,875
Bonds	(4,810)
Change in accrued interest	32,412
Amortization	(4,392)
Total noncash adjustments	<u>150,085</u>
Total investment income	<u>\$ 199,586</u>

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund (PTIF) were 0.7244 percent as of December 31, 2015.

NOTE 5 - CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets exempt from depreciation:				
Land	\$ 526,778	\$ 4,716	\$ -	\$ 531,494
Total capital assets exempt from depreciation, net	526,778	4,716	-	531,494
Capital assets being depreciated:				
Office furniture and equipment	169,764	7,771	(3,572)	173,963
Total capital assets, being depreciated	169,764	7,771	(3,572)	173,963
Less accumulated depreciation for:				
Office furniture and equipment	(153,684)	(13,188)	3,143	(163,729)
Total accumulated depreciation	(153,684)	(13,188)	3,143	(163,729)
Total capital assets being depreciated, net	16,080	(5,417)	(429)	10,234
Total capital assets, net	\$ 542,858	\$ (701)	\$ (429)	\$ 541,728

NOTE 6 - REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities of the Pool are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of \$1,175,921 as of December 31, 2015. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Unsecured Reinsurance Recoverables

There are no letters of credit, trust agreements or funds withheld on reinsurance recoverables. The amounts of \$1,080,755 as of December 31, 2015 exceed three percent of the Pool's surplus and are considered unsecured recoverables on known claims.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - REINSURANCE (CONTINUED)

Reinsurance Recoverable in Dispute

As of December 31, 2015, the Pool does not have any disputed balances or uncollectible funds.

NOTE 7 - RETIREMENT PLANS

General Information about the Pension Plan

Plan Description. Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issued a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - RETIREMENT PLANS (CONTINUED)

Benefits provided. URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All post-retirement cost of living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions. As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.910%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - RETIREMENT PLANS (CONTINUED)

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2014, we reported a net pension asset of \$118 and a net pension liability of \$179,248.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.0412802%	\$ -	\$ 179,248
Tier 2 Public Employees System	0.0039098%	118	-
Total Net Pension Asset/Liability		<u>\$ 118</u>	<u>\$ 179,248</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$41,902. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,472
Changes in assumptions	-	17,480
Net difference between projected and actual earnings on pension plan investments	4,039	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	<u>71,775</u>	<u>-</u>
Total	<u>\$ 75,814</u>	<u>\$ 22,952</u>

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - RETIREMENT PLANS (CONTINUED)

The amount of \$71,775 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2015	\$ (4,754)
2016	\$ (4,754)
2017	\$ (4,754)
2018	\$ (4,524)
2019	\$ (21)
Thereafter	\$ (109)

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50-10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUF = Constructed mortality table based on actual experience of female educators multiplied by a given percentage

RP 2000 mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by a given percentage

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - RETIREMENT PLANS (CONTINUED)

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75% and a real return of 4.75% that is net of investment expense.

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 7 - RETIREMENT PLANS (CONTINUED)

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	\$ 430,958	\$ 179,130	\$ (30,617)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution 401(k) Plan

The Pool is required to contribute 1.78 percent of covered salary to the Noncontributory System Tier 2 Fund 401(k) plan (administered by the Utah State Retirement Systems). The total Tier 2 Fund retirement expense for the Pool for the years ended December 31, 2015, 2014 and 2013 was \$1,529, \$345 and \$1,410.

Employer Participating Retirement Plans

The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan (administered by the Utah State Retirement Systems) and/or a 457 plan (administered by Nationwide Retirement Solutions), not to exceed five percent of the employee's eligible payroll. The total retirement expense for the Pool as of December 31, 2015, 2014 and 2013 was \$15,641, \$14,722 and \$7,496, respectively.

NOTE 8 - UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to covered events of prior years has decreased by \$586,163 in 2015 as a result of reestimation of unpaid losses and loss adjustment expenses. This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES
(CONTINUED)

The unpaid claims, losses and loss adjustment expenses of the Pool as of December 31, 2015 are:

Beginning balance	\$ 8,771,838
Incurred loss:	
Current year	3,065,561
Prior years	<u>(964,144)</u>
Change in total incurred	2,101,417
Paid:	
Current year	893,701
Prior years	<u>1,793,879</u>
Total paid	<u>2,687,580</u>
Balance at December 31	<u><u>\$ 8,185,675</u></u>

NOTE 9 - OPERATING LEASE COMMITMENT

On September 4, 2008, the Pool entered into a seven year commitment to lease office space. The lease commenced in February 2009 at which time the Pool occupied the premises. The Pool paid \$126,052 as of December 31, 2015.

Future minimum rental commitment for the building operating lease is as follows:

2016	<u>\$ 10,483</u>
Total final lease payment	<u><u>\$ 10,483</u></u>

NOTE 10 - CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

**UTAH COUNTIES INDEMNITY POOL
NOTES TO FINANCIAL STATEMENTS
December 31, 2015**

NOTE 11 - ADJUSTMENT TO BEGINNING NET POSITION

Effective January 1, 2015, the Pool implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions. This implementation resulted in the reduction of net position of the Pool of \$156,299. The reduction represents the Pool's \$222,793 share of the beginning net pension liability and the Pool's contributions of \$66,494 made between January 1 and December 31, 2014 for its current and former employees through its pension provider the Utah Retirement Systems (URS). Of the \$222,793 beginning net pension liability, \$222,769 is attributable to the URS Noncontributory System and \$24 is attributable to the URS Tier 2 Public Employees System. Further information on pension reporting is found in Note 7.

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REQUIRED SUPPLEMENTARY INFORMATION

UTAH COUNTIES INDEMNITY POOL

Contribution and Loss Development Information (Unaudited)

The following table compares the Pool's earned revenues, net of reinsurance and investment income, to related costs of losses and loss adjustment expenses, net of reinsurance, assumed by the Pool. The table is defined as follows: (1) shows each year's net earned contributions, other operating revenues and interest income, (2) shows each year's other operating expenses including overhead and loss adjustment expenses not allocable to specific claims, (3) shows incurred losses and allocated loss adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred, (4) shows the cumulative amounts paid as of the end of successive years for each accident year, (5) shows how each coverage year's incurred losses increased or decreased as of the end of the successive years: this annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims, (6) compares the latest reestimated incurred loss amounts to the amounts originally established. Pool information is only available in the format shown below for the years presented.

(in thousands)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(1) Earned contributions, other operating revenues and investment revenues, net of reinsurance	9,542	12,433	16,116	6,952	4,662	5,064	5,141	3,538	3,717	3,789
(2) Unallocated expense	-	-	-	-	-	-	-	-	-	-
(3) Estimated incurred claims, both paid and accrued, end of accident year	2,413	2,594	3,207	2,947	3,570	2,952	3,650	3,515	3,627	3,066
(4) Paid (cumulative) as of:										
End of accident year	1,059	1,332	1,302	1,126	584	995	347	586	1,344	894
One year later	2,289	2,296	2,076	1,246	932	1,542	1,538	1,377	1,549	-
Two years later	2,672	3,103	1,640	1,781	1,601	1,719	2,310	1,869	-	-
Three years later	3,324	2,202	2,249	2,142	2,500	2,153	2,637	-	-	-
Four years later	2,392	2,273	2,666	2,465	2,958	2,385	-	-	-	-
Five years later	2,298	2,366	2,908	2,654	3,256	-	-	-	-	-
Six years later	2,396	2,478	3,045	2,815	-	-	-	-	-	-
Seven years later	2,409	2,506	3,085	-	-	-	-	-	-	-
Eight years later	2,407	2,545	-	-	-	-	-	-	-	-
Nine years later	2,407	-	-	-	-	-	-	-	-	-
(5) Reestimated incurred losses and expenses:										
End of accident year	2,413	2,594	3,207	2,947	3,570	2,952	3,650	3,515	3,627	3,066
One year later	2,408	2,585	3,180	3,059	3,714	3,080	3,837	3,907	3,666	-
Two years later	2,445	2,620	3,143	3,164	3,612	3,193	4,246	3,152	-	-
Three years later	2,497	2,544	3,142	2,789	3,113	3,472	3,619	-	-	-
Four years later	2,484	2,524	2,771	2,902	3,188	3,129	-	-	-	-
Five years later	2,696	2,751	2,704	2,748	2,876	-	-	-	-	-
Six years later	2,553	2,978	2,631	2,887	-	-	-	-	-	-
Seven years later	2,181	3,216	2,772	-	-	-	-	-	-	-
Eight years later	1,983	2,810	-	-	-	-	-	-	-	-
Nine years later	2,345	-	-	-	-	-	-	-	-	-
(6) Increase (decrease) in estimated incurred losses and expenses from end of accident year	(68)	216	(435)	(60)	(694)	177	(31)	(363)	39	-

UTAH COUNTIES INDEMNITY POOL
Schedule of the Proportionate Share of the Net Pension Liability

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2015	
	Noncontributory System	Tier 2 Public Employees System
Proportion of net pension liability (asset)	0.0412802%	0.0039098%
Proportionate share of net pension liability (asset)	\$ 179,248	\$ (118)
Covered employee payroll	355,770	19,365
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	50.4%	-0.6%
Plan fiduciary net position as a percentage of total pension liability	90.2%	103.5%

*Note: The Pool implemented GASB Statement No. 68 in calendar year 2015. The information on the Pool's portion of the plans' net pension liabilities (assets) is not available for years prior to calendar year 2015.

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UTAH COUNTIES INDEMNITY POOL
Schedule of Contributions

	2015	
	Noncontributory System	Tier 2 Public Employees System
Contractually required contribution	\$ 64,881	\$ 1,613
Contributions in relation to the contractually required contribution	(64,881)	(1,613)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 355,770	\$ 19,365
Contributions as a percentage of covered-employee payroll	18.24%	8.33%

*Note: The Pool implemented GASB Statement No. 68 in calendar year 2015. The information on the Pool's portion of the contributions is not available for years prior to calendar year 2015.

SUPPLEMENTARY AUDITORS' REPORTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**To the Board of Trustees
Utah Counties Indemnity Pool**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Utah Counties Indemnity Pool (the Pool or UCIP), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated _____.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Pool's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Salt Lake City, Utah

Date

Preliminary Draft

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL STATE
COMPLIANCE REQUIREMENTS AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE *STATE COMPLIANCE AUDIT GUIDE***

**To the Board of Trustees
Utah Counties Indemnity Pool**

Report on Compliance with General State Compliance Requirements

We have audited the Utah Counties Indemnity Pool's (the Pool or UCIP) compliance with the applicable general state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have direct and material effect on the Pool for the year ended December 31, 2015.

General state compliance requirements were tested for the year ended December 31, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems
- Open and Public Meetings Act
- Cash Management
- Nepotism

The Pool did not receive any major assistance programs from the State of Utah during the year ended December 31, 2015.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

Auditors' Responsibility

Our responsibility is to express an opinion on the Pool's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Pool occurred. An audit includes examining, on a test basis, evidence about the Pool's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the Pool's compliance.

Opinion on General State Compliance Requirements

In our opinion, Utah Counties Indemnity Pool complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Pool for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 2015-1 and 2015-2.

The Pool's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The Pool's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Pool is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Pool's internal control over compliance with compliance requirements that could have direct and material effect on the Pool to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention to those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We noted matters involving internal control over compliance which we are submitting for your consideration. These matters are described in the accompanying schedule of findings and recommendations as items 2015-1 and 2015-2.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Salt Lake City, Utah
Date

Preliminary Draft

**UTAH COUNTIES INDEMNITY POOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2015**

STATE COMPLIANCE FINDINGS

2015-1. OPEN AND PUBLIC MEETINGS ACT

Finding: Utah Code Section 52-4-202(1)&(3) requires public entities to give proper notice of the public meetings at least 24 hours before each meeting by posting the notice on the Utah Public Notice Website. During our audit, we noted that management did not post a public notice for one of the Board meetings held during 2015 on the website.

Recommendation: We recommend that the Pool establish procedures to ensure compliance with the state requirement to give proper notice of the public meetings at least 24 hours prior to each meeting by posting the notice on the Utah Public Notice Website.

Management's Response:

2015-2. CASH MANAGEMENT

Finding: Utah Code Section 51-7-15(3) requires public entities to file a written report with the Money Management Council semi-annually before January 31 and July 31 of each year. These reports must include all deposit and investment accounts and report bank balances for the six-month periods ending on December 31 and June 30 of each year. During our audit, we noted that the written report filed with the Money Management Council for the period ended June 30, 2015 contained book balances instead of bank balances.

Recommendation: We recommend that the Pool assign an individual independent of the report filing with the Money Management Council to review such reports for accuracy.

Management's Response:

**UTAH COUNTIES INDEMNITY POOL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Year Ended December 31, 2015**

STATE COMPLIANCE FINDINGS

2015-1. OPEN AND PUBLIC MEETINGS ACT

Finding: Utah Code Section 52-4-202(1)&(3) requires public entities to give proper notice of the public meetings at least 24 hours before each meeting by posting the notice on the Utah Public Notice Website. During our audit, we noted that management did not post a public notice for one of the Board meetings held during 2015 on the website.

Recommendation: We recommend that the Pool establish procedures to ensure compliance with the state requirement to give proper notice of the public meetings at least 24 hours prior to each meeting by posting the notice on the Utah Public Notice Website.

Management's Response: The Pool will adopt additional procedures to ensure compliance with state public meeting notice requirements by having confirmation of notice posted on the Public Notice Website sent to the Board Chair at least 25 hours prior to the meeting.

2015-2. CASH MANAGEMENT

Finding: Utah Code Section 51-7-15(3) requires public entities to file a written report with the Money Management Council semi-annually before January 31 and July 31 of each year. These reports must include all deposit and investment accounts and report bank balances for the six-month periods ending on December 31 and June 30 of each year. During our audit, we noted that the written report filed with the Money Management Council for the period ended June 30, 2015 contained book balances instead of bank balances.

Recommendation: We recommend that the Pool assign an individual independent of the report filing with the Money Management Council to review such reports for accuracy.

Management's Response: The Pool will adopt additional procedures to require the CEO to review the Money Management Council reports for accuracy prior to their submission by the CFO.

UTAH COUNTIES INDEMNITY POOL

Member Equity Calculation

County	2016 Premium	Total				Percentage Net Equity to 2016 Premium
		Premium	Equity	WC Deficit	Dividend Rcvd	Net Equity
Beaver	\$ 140,472	\$ 1,907,236	\$ 143,491	(\$ 50,930)	\$ 7,152	\$ 85,409
Box Elder	294,948	4,855,907	450,637	(133,938)	4,561	312,138
Daggett	66,268	817,647	29,646	(33,220)	500	(4,074)
Davis	682,244	10,339,998	787,133	(305,179)	10,836	471,118
Duchesne	210,198	2,930,682	234,940	(95,294)	2,616	137,030
Emery	199,894	4,349,898	492,355	(127,706)	3,096	361,553
Garfield	151,505	2,017,803	146,978	(49,426)	7,397	90,155
Iron	238,026	4,492,246	385,563	(122,339)	5,303	257,921
Juab	156,132	2,445,922	207,172	(87,900)	7,088	112,184
Kane	186,984	2,179,066	138,802	(61,285)	2,534	74,983
Millard	209,178	3,474,856	236,684	(113,026)	3,850	119,808
Morgan	82,060	797,348	(3,405)	(39,796)	500	(43,701)
Piute	26,895	504,263	40,327	(18,775)	1,392	20,160
Rich	52,334	980,123	86,528	(35,596)	737	50,195
San Juan	232,054	3,841,676	302,082	(121,603)	4,030	176,449
Sanpete	127,016	2,160,112	213,549	(52,586)	1,868	159,095
Sevier	205,041	2,583,543	179,812	(67,396)	2,892	109,524
Uintah	408,004	5,722,810	435,185	(152,578)	11,127	271,480
Wasatch	266,567	4,328,273	301,028	(154,015)	4,424	142,589
Washington	474,291	6,429,356	475,385	(185,871)	6,812	282,702
Wayne	70,355	1,062,761	90,116	(32,616)	1,613	55,887
Weber	877,216	10,001,614	302,170	(372,087)	500	(70,417)
Total	\$5,357,682	\$78,223,139	\$5,676,180	(\$2,413,158)	\$ 90,828	\$3,172,194
						59.2%

UTAH COUNTIES INDEMNITY POOL

Loss Ratio Report

County	Premium					Total	Estimated Ultimate Loss Ratio					Estimated Ultimate Combined Ratio						
	2011	2012	2013	2014	2015		2011	2012	2013	2014	2015	Total	2011	2012	2013	2014	2015	Total
Beaver	90,126	102,168	99,513	101,584	117,359	510,750	22.6%	8.2%	8.4%	65.8%	213.8%	122.2%	63.2%	50.0%	61.1%	118.1%	263.3%	169.0%
Box Elder	212,267	228,049	221,408	226,261	278,626	1,166,611	26.4%	214.8%	221.2%	13.3%	3.1%	50.8%	67.0%	256.6%	273.9%	65.6%	52.6%	97.6%
Daggett	55,799	52,071	53,488	48,126	60,647	270,131	76.7%	12.1%	11.7%	6.7%	15.2%	34.0%	120.3%	53.9%	64.4%	59.0%	64.7%	80.8%
Davis	530,590	541,804	534,389	506,480	590,854	2,704,117	46.1%	9.8%	9.9%	52.7%	18.4%	41.3%	86.7%	51.6%	62.6%	105.0%	67.9%	88.1%
Duchesne	112,077	130,815	133,930	137,598	174,377	668,797	184.6%	110.9%	108.3%	45.0%	14.1%	109.4%	225.2%	152.7%	161.0%	97.3%	63.6%	156.2%
Emery	148,424	154,824	144,856	143,657	161,016	752,777	36.4%	0.4%	0.5%	17.5%	11.7%	14.6%	77.0%	42.2%	53.2%	69.8%	61.2%	61.4%
Garfield	102,794	106,668	125,802	124,636	141,059	599,959	108.3%	3.4%	2.8%	0.0%	7.9%	22.4%	148.9%	45.2%	55.5%	52.3%	57.4%	69.2%
Iron	256,571	265,169	240,000	247,059	283,609	1,292,408	66.5%	5.1%	5.6%	112.3%	117.2%	81.8%	107.1%	46.9%	58.3%	164.6%	166.7%	138.6%
Juab	110,887	118,129	114,288	114,364	139,647	587,315	25.0%	2.8%	2.8%	1.1%	21.5%	18.1%	65.6%	44.6%	55.5%	53.4%	71.0%	64.9%
Kane	125,931	126,712	140,712	127,854	155,766	676,995	10.7%	83.8%	75.4%	25.5%	2.6%	29.3%	51.3%	125.6%	128.1%	77.8%	52.1%	76.1%
Millard	182,696	192,501	191,199	184,099	230,070	980,565	1.7%	105.2%	105.9%	36.4%	39.4%	38.4%	42.3%	147.0%	158.6%	88.7%	88.9%	85.2%
Morgan	54,824	55,699	57,280	57,443	64,573	289,819	0.7%	730.6%	710.4%	764.9%	0.0%	293.9%	50.3%	772.4%	763.1%	817.2%	49.5%	340.7%
Plute	21,465	19,882	20,034	20,134	24,361	105,876	0.0%	7.2%	7.2%	21.1%	0.0%	6.3%	40.6%	49.0%	59.9%	73.4%	49.5%	53.1%
Rich	28,862	36,869	35,882	39,311	43,733	184,867	2.7%	180.7%	185.7%	158.0%	2.9%	74.0%	43.3%	222.5%	238.4%	211.3%	52.4%	120.8%
San Juan	192,973	201,490	188,455	188,947	209,988	982,853	61.7%	220.9%	236.2%	101.2%	18.6%	89.5%	102.3%	262.7%	288.9%	153.5%	68.1%	136.3%
Sanpete	89,107	83,378	96,306	104,242	113,423	496,456	13.6%	234.0%	226.8%	180.5%	25.7%	94.9%	75.0%	52.3%	79.5%	56.9%	115.8%	72.1%
Sevier	146,236	144,597	144,239	144,738	174,007	753,817	34.4%	10.5%	10.5%	4.6%	66.3%	26.3%	99.9%	77.9%	63.2%	232.8%	115.8%	141.7%
Utah	341,159	370,892	354,456	289,193	368,908	1,724,608	58.3%	17.4%	18.2%	8.0%	75.0%	36.6%	99.9%	59.2%	70.9%	60.3%	124.5%	83.4%
Wasatch	239,133	221,188	223,993	224,264	262,320	1,170,888	192.1%	58.7%	57.9%	178.9%	260.9%	180.1%	232.7%	100.5%	110.6%	231.2%	310.4%	236.9%
Washington	379,630	340,599	337,249	345,583	411,479	1,814,540	16.0%	36.1%	36.4%	177.0%	166.6%	101.5%	56.6%	77.9%	89.1%	229.3%	216.1%	148.3%
Wayne	47,777	46,091	45,017	51,348	61,167	251,400	13.3%	0.0%	0.0%	6.5%	1.7%	13.3%	53.9%	41.8%	52.7%	58.8%	51.2%	60.1%
Weber	698,624	722,062	694,594	708,800	791,887	3,616,967	92.0%	110.7%	115.1%	63.6%	106.9%	79.9%	132.6%	152.5%	167.8%	115.9%	156.4%	126.7%
UCIP	3,894	6,462	5,551	5,733	6,488	28,128	2.6%	0.0%	0.0%	0.0%	0.0%	0.4%	43.2%	41.8%	52.7%	52.3%	49.5%	47.2%
Nonequity	277,506	230,347	230,520	217,890	285,000	1,251,063	6.7%	5.0%	5.0%	5.0%	2.3%	20.3%	47.3%	46.8%	57.7%	57.3%	51.8%	67.1%
Total	4,449,352	4,507,466	4,433,171	4,371,144	5,150,384	22,911,517	56.9%	73.5%	72.8%	81.6%	59.5%	68.5%	97.5%	115.3%	125.5%	133.9%	109.0%	115.3%
Expense Ratio							40.6%	41.8%	52.7%	52.3%	49.5%	46.8%						
CACHE	237,832	267,048	0	0	0	504,880	18.4%	10.8%				14.4%	59.0%	52.6%				61.2%
Carbon	303,854	288,366	219,410	219,786	0	1,031,416	16.9%	39.3%	44.3%	27.2%		31.2%	57.5%	81.1%	97.0%	79.5%		78.0%
Tooele	331,024	421,978	433,073	0	0	1,186,076	29.6%	19.7%	43.8%			31.2%	70.2%	61.5%	96.5%			78.0%
Utah	668,169	796,393	0	0	0	1,464,562	34.2%	13.9%				23.2%	74.8%	55.7%				70.0%
Grand Total	5,990,231	6,281,252	5,085,654	4,590,930	5,150,384	27,098,451	49.3%	58.1%	69.1%	79.0%	59.5%	62.0%	89.9%	99.9%	121.8%	131.3%	109.0%	108.8%

Utah Counties Indemnity Pool Payments

February 26, 2016 - April 21, 2016

Type	Date	Num	Name	Memo	Amount
500-000000-10010100 WFMLE					
Total 500-000000-10010100 WFMLE					
500-000000-10010100 ZionsHRA					
Check	02/29/2016			Service Charge	-20.00
Check	03/31/2016			Service Charge	-1.00
Total 500-000000-10010100 ZionsHRA					-21.00
500-000000-10010100 ZionsMLC					
Check	03/21/2016			Service Charge	-15.00
Check	03/04/2016	ACH	Beaver County	Claim: BEA0000642016	-3,355.50
Check	03/04/2016	ACH	Hutton Law Associates, P.C.	Invoice: 00152	-8,423.64
Check	03/04/2016	ACH	Hutton Law Associates, P.C.	Invoice: 00153	-360.48
Check	03/04/2016	ACH	Hutton Law Associates, P.C.	Invoice: 00154	-8,376.42
Check	03/04/2016	ACH	Hutton Law Associates, P.C.	Invoice: 00155	-195.00
Check	03/04/2016	ACH	Mylar Law, PC	Invoice: 20160019	-6,991.50
Check	03/04/2016	ACH	Mylar Law, PC	Invoice: 20160020	-14,991.75
Check	03/04/2016	ACH	Strong & Hanni	Invoice: 152128	-82,269.88
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286860	-3,938.02
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286863	-1,499.89
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286864	-3,722.74
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286701	-813.94
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286866	-442.10
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286867	-3,811.38
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286869	-4,191.03
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286870	-2,314.48
Check	03/04/2016	ACH	Suitter Axland	Invoice: 1286871	-2,063.39
Check	03/18/2016	ACH	Beaver County	Claim: BEA0000642016	-732.80
Check	03/18/2016	ACH	Davis County	Claim: DAV0003612016	-359.00
Check	03/18/2016	ACH	Du Val Investigations	Claim: MOR0000422013	-6,141.00
Check	03/18/2016	ACH	Dunn & Dunn	Invoice: 37579	-4,076.50
Check	03/18/2016	ACH	Dunn & Dunn	Invoice: 37581	-229.50
Check	03/18/2016	ACH	Dunn & Dunn	Invoice: 37578	-5,571.74
Check	03/18/2016	ACH	Dunn & Dunn	Invoice: 37580	-2,638.06
Check	03/18/2016	ACH	Frontier Adjusters, Inc.	Invoice: T573248	-318.20
Check	03/18/2016	ACH	Mylar Law, PC	Invoice: 20160023	-3,331.00
Check	03/18/2016	ACH	Mylar Law, PC	Invoice: 20160024	-4,234.85
Check	03/18/2016	ACH	Mylar Law, PC	Invoice: 20160027	-1,271.05
Check	03/18/2016	ACH	Mylar Law, PC	Invoice: 20160028	-4,402.80
Check	03/18/2016	ACH	Stirba, P. C.	Invoice: 01017016	-3,643.12
Check	03/18/2016	ACH	Stirba, P. C.	Invoice: 01015006	-13,972.70
Check	03/25/2016	ACH	Davis County	Claim: DAV0000152016	-4,071.36
Check	03/25/2016	ACH	Duchesne County	Claim: DUC0000042016	-6,924.46
Check	03/25/2016	ACH	Kane County	Claim: KAN0000122016	-91,894.67
Check	04/01/2016	ACH	Beaver County	Claim: BEA0000012016	-15,400.00
Check	04/01/2016	ACH	Davis County	Claim: DAV0000162016	-1,779.00
Check	04/01/2016	ACH	Frontier Adjusters, Inc.	Invoice: T578862	-868.35
Check	04/01/2016	ACH	Mylar Law, PC	Invoice: 20160034	-1,295.45
Check	04/01/2016	ACH	Mylar Law, PC	Invoice: 20160032	-7,536.56
Check	04/01/2016	ACH	Mylar Law, PC	Invoice: 20160033	-4,986.04
Check	04/08/2016	ACH	Hutton Law Associates, P.C.	Invoice: 00158	-2,220.93
Check	04/08/2016	ACH	Hutton Law Associates, P.C.	Invoice: 00157	-5,370.03
Check	04/08/2016	ACH	Mylar Law, PC	Invoice: 20160038	-4,681.00
Check	04/08/2016	ACH	Mylar Law, PC	Invoice: 20160037	-7,129.48
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286942	-2,004.18
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286942	-2,004.18
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286943	-1,402.12
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286946	-4,181.64
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286698	-756.80
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286865	-1,357.68
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286950	-2,760.48
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286951	-3,667.50
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286952	-3,032.74
Check	04/08/2016	ACH	Suitter Axland	Invoice: 1286953	-2,441.25
Check	02/29/2016	BILLPAY	Kelsey Gorr	Claim: MIL0000062016	-2,447.87
Check	02/29/2016	BILLPAY	Russell Faatz	Claim: SAN0000872015	-4,348.52
Check	03/08/2016	BILLPAY	Farmers Insurance	Claim: DAV0003602015	-3,000.00
Check	03/08/2016	BILLPAY	Juab County	Claim: JUA0000032016	-7,849.00
Check	03/22/2016	BILLPAY	Christensen & Jensen	Invoice: 84415	-4,832.70
Check	03/22/2016	BILLPAY	Christensen & Jensen	Invoice: 84416	-5,512.50
Check	03/22/2016	BILLPAY	Christensen & Jensen	Invoice: 84417	-2,358.80
Check	03/22/2016	BILLPAY	John McKinnon	Claim: DAV0003622016	-370.46
Check	03/22/2016	BILLPAY	Marin Palamaryuk	Claim: WAT0000072016	-2,581.00
Check	03/22/2016	BILLPAY	Washington County	Claim: WAS0000042015	-1,000.00
Check	04/05/2016	BILLPAY	Bear Lake Physical Therapy	Claim: RIC0000012015	-3,000.00
Check	04/05/2016	BILLPAY	Depositors Insurance	Claim: 7243PE0848371008201551	-18,374.09
Check	04/12/2016	BILLPAY	Rocky Mountain Power	Account: 66866906013	-4,956.36
Check	04/12/2016	BILLPAY	Sanpete County	Claim: SAN0000092016	-2,706.12
Total 500-000000-10010100 ZionsMLC					-439,801.78
500-000000-10010100 ZionsMLE					
Liability Check	02/26/2016		QuickBooks Payroll Service	Created by Payroll Service on 02/23/2016	-11,507.07

Utah Counties Indemnity Pool

Payments

February 26, 2016 - April 21, 2016

Type	Date	Num	Name	Memo	Amount
Liability Check	03/14/2016		QuickBooks Payroll Service	Created by Payroll Service on 03/04/2016	-11,761.33
Check	02/29/2016			Service Charge	-185.94
Liability Check	03/30/2016		QuickBooks Payroll Service	Created by Payroll Service on 03/22/2016	-12,014.60
Liability Check	04/14/2016		QuickBooks Payroll Service	Created by Payroll Service on 04/06/2016	-11,761.33
Check	03/31/2016			Service Charge	-103.63
Check	02/29/2016	ACH	Alma Adams	Travel Expenses	-84.44
Check	02/29/2016	ACH	Victor Iverson	Travel Expenses	-472.77
Check	02/29/2016	ACH	James Kaiserman	Mileage Reimbursement	-46.98
Check	02/29/2016	ACH	William Cox	Travel Expenses	-317.93
Check	02/29/2016	ACH	Kerry Gibson	Travel Expenses	-242.33
Check	02/29/2016	ACH	Mark Whitney	Travel Expense	-427.01
Check	02/29/2016	ACH	PEHP-LTD	Coverage Period: FEB2016	-202.02
Liability Check	02/29/2016	ACH	Public Employees Health Program	Invoice: 0121721029	-6,088.67
Bill Pmt -Check	02/29/2016	ACH	Les Olson Company	Invoice: EA636577	-57.53
Check	03/18/2016	ACH	Kerry Gibson	Travel Expenses	-173.00
Bill Pmt -Check	03/18/2016	ACH	Arthur J. Gallagher & Co.	Invoice: 1676287	-7,390.00
Bill Pmt -Check	03/18/2016	ACH	By The Numbers Actuarial Consultin...	Invoice: 2016-076	-5,500.00
Bill Pmt -Check	03/18/2016	ACH	County Reinsurance, Limited	Invoice: Property True-Up	-13,911.00
Bill Pmt -Check	03/18/2016	ACH	End Point Corporation	Invoice: UC1601	-60.00
Bill Pmt -Check	03/18/2016	ACH	Gallagher Bassett Services, Inc.	Invoice: 15026	-240.00
Bill Pmt -Check	03/18/2016	ACH	Revco Leasing Company, LLC	Invoice: 420256	-435.91
Bill Pmt -Check	03/18/2016	ACH	Suitter Axland	Invoice: 1286858	-90.00
Bill Pmt -Check	03/18/2016	ACH	Utah Safety Council	Invoice: 7684	-4,000.00
Bill Pmt -Check	03/18/2016	ACH	WSRP, LLC	Invoice: 215086	-3,765.00
Check	04/01/2016	ACH	PEHP-LTD	Invoice: MAR2016	-237.68
Bill Pmt -Check	04/01/2016	ACH	Les Olson Company	Invoice: EA641196	-104.22
Liability Check	04/01/2016	ACH	Public Employees Health Program	Invoice Number: 0121745729	-6,088.55
Check	04/12/2016	ACH	Parker Boice	Expense Reimbursement - Apr 2016	-324.30
Check	04/12/2016	ACH	Korby Siggard	Expense Reimbursement - Oct 6 - Nov 19	-265.70
Check	04/12/2016	ACH	Lisa Brown	Expense Reimbursement	-276.12
Bill Pmt -Check	04/12/2016	ACH	Arthur J. Gallagher & Co.	Invoice: 1703242	-4,436.21
Bill Pmt -Check	04/12/2016	ACH	Gallagher Bassett Services, Inc.	Invoice: 15034	-222.00
Bill Pmt -Check	04/12/2016	ACH	Revco Leasing Company, LLC	Invoice: 422833	-435.91
Bill Pmt -Check	04/12/2016	ACH	Whitney Advertising & Design, Inc.	Invoice: 22462	-1,011.25
Bill Pmt -Check	04/12/2016	ACH	Whitney Advertising & Design, Inc.	Invoice: 22454	-552.50
Check	02/29/2016	BILLPAY	Johnnie Miller	Expense Reimbursement - Feb-Mar	-599.90
Check	02/29/2016	BILLPAY	Sonya White	Expense Reimbursement - Mar	-324.50
Bill Pmt -Check	02/29/2016	BILLPAY	Christensen & Jensen	Invoice Number: 84106	-1,851.02
Bill Pmt -Check	02/29/2016	BILLPAY	Object Systems International, LLC	Invoice: 9156	-270.00
Bill Pmt -Check	02/29/2016	BILLPAY	Office Depot	35538769	-104.75
Bill Pmt -Check	02/29/2016	BILLPAY	Utah Media Group	Invoice: 10106923101102016	-127.50
Check	03/02/2016	BILLPAY	Brad Dee	Mileage Reimbursement	-44.28
Check	03/02/2016	BILLPAY	Bret Millburn	Travel Expenses	-184.41
Check	03/02/2016	BILLPAY	Mike Wilkins	Travel Expenses	-636.13
Check	03/02/2016	BILLPAY	Iron County	Mileage Reimbursement Alma Adams	-122.04
Bill Pmt -Check	03/18/2016	BILLPAY	Carlyle Burton	TULIP Certificate: 2016-01-09	-15.00
Bill Pmt -Check	03/22/2016	BILLPAY	Cherice Badger-	TULIP Overpayment	-0.50
Bill Pmt -Check	03/22/2016	BILLPAY	Office Depot	Invoice: 824902350002	-21.76
Bill Pmt -Check	03/22/2016	BILLPAY	Premiere Global Services	Invoice: 20512057	-136.58
Bill Pmt -Check	03/22/2016	BILLPAY	State of Utah Mail	Invoice: L8187726	-125.00
Bill Pmt -Check	03/22/2016	BILLPAY	Utah PRIMA	2015 Government Membership	-200.00
Bill Pmt -Check	03/22/2016	BILLPAY	Utah Sheriff's Association	2016 Annual Conference Exhibitor/Sponsor	-2,975.00
Bill Pmt -Check	03/22/2016	BILLPAY	Office Depot	Invoice: 825147834001	-4.64
Check	04/14/2016	BILLPAY	Sonya White	Expense Reimbursement - Apr	-172.55
Check	04/14/2016	BILLPAY	Johnnie Miller	Expense Reimbursement - Apr	-308.76
Bill Pmt -Check	04/14/2016	BILLPAY	LaMar Walker-	TULIP No Coverage Return Payment	-77.25
Liability Check	02/29/2016	DD	Utah State Tax Commission	Confirmation: 1-203-741-952	-1,484.23
Liability Check	04/13/2016	DD	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 2706504919439...	-4,542.82
Liability Check	03/11/2016	EFTPS	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 27064719481...	-4,542.82
Liability Check	02/29/2016	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270646013116277	-4,447.00
Liability Check	02/29/2016	ONLINE	Utah Retirement Systems	Confirmation Number: 022619545283	-7,969.85
Liability Check	02/29/2016	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,462.06
Bill Pmt -Check	03/13/2016	ONLINE	American Express	3-41009	-10,638.50
Bill Pmt -Check	03/16/2016	ONLINE	Bankcard Center	Confirmation: 16031621362370	-294.99
Liability Check	03/18/2016	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 2706478742727...	-1,548.44
Liability Check	03/28/2016	ONLINE	United States Treasury	EFT ACKNOWLEDGEMENT NUMBER: 270648863407649	-4,639.64
Liability Check	03/28/2016	ONLINE	Utah State Tax Commission	Confirmation: 0-686-609-664	-1,790.32
Liability Check	03/28/2016	ONLINE	Nationwide Retirement Solutions	Entity: 0036786001	-2,462.06
Liability Check	03/28/2016	ONLINE	Utah Retirement Systems	Confirmation Number: 032352432155	-9,061.44
Total 500-000000-10010100 ZionsMLE					-168,978.67
TOTAL					-608,801.45



Utah Counties Indemnity Pool

FINANCIAL STATEMENTS

Quarter Ending March 31, 2016

Utah Counties Indemnity Pool

First Quarter 2016 Financial Statements

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transaction of the Utah Counties Indemnity Pool as of March 31, 2016 to the basic financial statements.

Sonya White
Chief Financial Officer
801-307-2113
sonya@ucip.utah.gov

Reviewed this _____ day of _____, 2016

By: _____

UTAH COUNTIES INDEMNITY POOL
STATEMENT of NET POSITION
Quarter Ended March 31, 2016

	<u>Mar 31, 2016</u>	<u>Dec 31, 2015</u>	<u>Mar 31, 2015</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 10,865,425	\$ 9,829,568	\$ 10,187,412
Short-term investments	100,338	150,170	101,376
Accounts receivable	7,751	2,887	49,662
Net pension asset	118	118	-
Prepaid expenses	955,446	238,475	927,922
TOTAL CURRENT ASSETS	<u>11,929,078</u>	<u>10,221,218</u>	<u>11,266,372</u>
INVESTMENTS	3,711,103	3,502,225	3,745,977
PROPERTY AND EQUIPMENT	540,450	541,728	539,594
SECURITY DEPOSIT	-	10,788	11,336
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>75,814</u>	<u>75,814</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 16,256,445</u>	<u>\$ 14,351,773</u>	<u>\$ 15,563,279</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Reserves for losses and loss adjustment expenses	\$ 8,185,675	\$ 8,185,675	\$ 8,771,838
Accounts payable	104	1,918	-
Accrued expenses	76,406	70,388	82,817
Contributions paid in advance	4,371,703	2,719,398	3,876,416
TOTAL CURRENT LIABILITIES	<u>12,633,888</u>	<u>10,977,379</u>	<u>12,731,071</u>
NONCURRENT LIABILITIES			
Net pension liability	179,248	179,248	-
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	22,952	22,952	-
NET POSITION			
Net investment in capital assets	540,450	541,728	12,816
Unrestricted	2,879,907	2,630,466	2,819,392
TOTAL NET POSITION	<u>3,420,357</u>	<u>3,172,194</u>	<u>2,832,208</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 16,256,445</u>	<u>\$ 14,351,773</u>	<u>\$ 15,563,279</u>

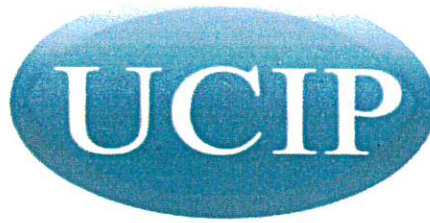
UTAH COUNTIES INDEMNITY POOL
STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION
Quarter Ended March 31, 2016

	<u>Mar 31, 2016</u>	<u>Budget</u>	<u>Over Budget</u>	<u>% of Budget</u>
OPERATING INCOME				
Contributions	\$ 1,457,530	5,823,876	(4,366,346)	25%
Investment income	26,275	50,000	(23,725)	53%
Other income	4,881	5,000	(119)	98%
TOTAL OPERATING INCOME	<u>1,488,687</u>	<u>5,878,876</u>	<u>(4,390,189)</u>	<u>25%</u>
UNDERWRITING EXPENSES				
Losses and loss adjustment expenses	619,003	3,200,000	(2,580,997)	19%
Reinsurance coverage	397,787	1,600,000	(1,202,213)	25%
TOTAL UNDERWRITING EXPENSES	<u>1,016,790</u>	<u>4,800,000</u>	<u>(3,783,210)</u>	<u>21%</u>
ADMINISTRATION EXPENSES				
Trustees	25,351	45,000	(19,649)	56%
Depreciation	1,278	13,000	(11,722)	10%
Risk management	12,088	55,000	(42,912)	22%
Public relations	(84)	10,000	(10,084)	19%
Office	23,591	125,000	(101,409)	62%
Financial	9,269	125,000	(115,731)	7%
Personnel	159,797	675,000	(515,203)	24%
TOTAL ADMINISTRATION EXPENSES	<u>231,291</u>	<u>1,048,000</u>	<u>(816,709)</u>	<u>22%</u>
TOTAL OPERATING EXPENSES	<u>1,248,081</u>			
NET OPERATING INCOME	<u>240,606</u>			
OTHER INCOME EXPENSES				
Unrealized loss on marketable securities	<u>7,557</u>			
TOTAL OTHER EXPENSES	<u>7,557</u>			
CHANGE IN NET POSITION	248,163			
NET POSITION AT BEGINNING OF YEAR	<u>3,172,194</u>			
NET POSITION AT END OF QUARTER	<u>\$ 3,420,357</u>			

UTAH COUNTIES INDEMNITY POOL
STATEMENTS of CASH FLOWS
Quarter Ended March 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions collected	\$ 3,104,971	\$ 6,466,076
Other fees collected	4,881	27,313
Reinsurance paid	(1,114,758)	39,291
Losses and loss expenses paid	(619,003)	(2,588,057)
Cash paid to employees	(153,779)	(613,287)
Other administrative expenses paid	(61,241)	(367,762)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,161,071</u>	<u>2,963,574</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	-	(12,487)
Cash from sale of capital assets	-	8,010
CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(4,477)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(809,046)	(2,690,957)
Sale of investments	650,000	2,856,620
Investment income	33,832	67,901
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(125,214)</u>	<u>233,565</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,035,857	3,192,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,829,568</u>	<u>6,636,905</u>
CASH AND CASH EQUIVALENTS AT END OF QUARTER	<u><u>\$ 10,865,425</u></u>	<u><u>\$ 9,829,568</u></u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net position	\$ 248,163	\$ 826,325
Adjustments to reconcile change in net position to net cash flows used by operating activities		
Depreciation	1,278	13,188
Interest on investments	(26,275)	(72,711)
Increase in equity in CRL	-	(126,875)
Net outflows of resources relating to pension	-	(30,031)
Unrealized loss on investments	(7,557)	4,810
Gain on sale of capital assets	-	(7,581)
Accounts receivable	(4,864)	303
Member receivable	(716,971)	1,649,895
Prepaid expenses	-	(15,064)
Security deposits	10,788	548
Reserves for loss and loss adjustment expenses	-	(586,163)
Accounts payable	(1,814)	(564)
Accrued expenses	6,018	(7,895)
Contributions paid in advance	1,652,305	1,315,389
Total adjustments	<u>912,908</u>	<u>2,137,249</u>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ 1,161,071</u></u>	<u><u>\$ 2,963,574</u></u>

The accompanying notes are an integral part of the financial statements.



MEMORANDUM

To: **UCIP Education Committee**

From: **Johnnie Miller**

Date: **April 21, 2016**

Re: **Committee Action Plan Status**

The Committee met on April 12, 2016 and reviewed Committee Action Plan previously provided to committee members. The following is an update on the Committee Action Plan resulting from that meeting:

1. Appoint a Chair to the Committee to preside over meetings and coordinate with staff on activities of the Committee.
The committee appointed William Cox as chair of the committee.
2. Develop a general plan to assist UCIP staff with educating potential new members, retuning members and current members of the benefits of UCIP membership. That plan should include:
 - a. Strategy to reach out to potential new members who have not had prior experience with UCIP;
 - b. Strategy to reach out to former UCIP members regarding returning to UCIP membership;
 - c. Strategy in response to current UCIP members that indicate they are “going out to bid” or provide notice of their intent to terminate membership;
 - d. Strategy to continuously promote the benefits of UCIP membership among members, potential members and other parties of interest including the Governor’s Office, legislators, State departments...

As several members of the committee were unable to attend the April 12 meeting, the committee tabled action on this item to their next meeting.

3. Identify specific contacts to be made with potential new members, and current members in need of additional education about UCIP membership.

Current members in need of additional education include:

- TriCounty Health Department (has given notice of termination)
- Mike Wilkins agreed to contact the director of TriCounty Health Department and discuss their prior indication that were going out for bid for insurance.
- Emery County (has indicated they will be going out to bid)
- William Cox and Mark Whitney agreed to seek out commission members from Emery County during the UAC conference to discuss benefits of UCIP membership.
- Wasatch County (regarding membership in the UCIP WCF program)
- Johnnie Miller will report back to the committee on contacts necessary in Wasatch County after he has met with the County Manager.

Potential new members that should be included in a plan include:

- Summit County
- AOG's
- Entities currently covered as County Controlled Entities
- Special Service Districts
- As several members of the committee were unable to attend the April 12 meeting, the committee tabled action on this item to their next meeting.

Former members that should be included in a plan include:

- Bear River Health District
- Cache County
- Carbon County
- Grand County
- Tooele County
- Utah County
- As several members of the committee were unable to attend the April 12 meeting, the committee tabled action on this item to their next meeting.

JRM/jrm

UTAH COUNTIES INDEMNITY POOL

5397 S Vine Street, Murray, UT 84107
Phone (801)565-8500 ☎ Fax (801)568-0495 ☎ www.ucip.utah.gov

UTAH COUNTIES INDEMNITY POOL

Board of Trustees' Annual Strategic Planning Session

JUNE 1-3, 2016

Inn at Entrada
5488 W Sinagua, St. George, UT

WEDNESDAY, JUNE 1

6:30-8:00 Dinner, *Outdoor Patio*

THURSDAY, JUNE 2

8:00-8:30 Breakfast, *Outdoor Patio*

8:30-12:00 Strategic Planning Session, *Welcome Center*

12:00-1:00 Lunch, *Outdoor Patio*

1:00-5:30 Strategic Planning Session, *Welcome Center*

6:00-8:00 Dinner, *Outdoor Patio*

FRIDAY, JUNE 3

7:30-8:00 Breakfast, *Outdoor Patio*

9:00-12:00 Purgatory Shooting Range

12:30-3:30 Board of Trustees Luncheon Meeting

6:45-7:45 Dinner, Tuacahn

7:45-8:15 Backstage Tour, Tuacahn

8:45-10:45 Tarzan, Tuacahn

